

PUBLIC POLICY

A YEARBOOK OF THE GRADUATE SCHOOL OF
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1958

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AND

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PREFACE

IN presenting this new and eighth volume of PUBLIC POLICY, the editors wish to draw the attention of the reader to a new departure. For the first time, after extended discussion, PUBLIC POLICY contains a large section devoted to the work of a single seminar, namely that of Defense Policy. While the five papers devoted to this subject are obviously not designed to cover the ground, whatever that might be, but rather address themselves to key issues in the broad and general field, they nonetheless possess a certain inner consistency and cogency, it is hoped. The editors are greatly indebted to Professor Edward Katzenbach, who as chairman of the Defense Policy Seminar gave freely of his time in developing this section of the present volume.

The rest of the volume is, like earlier volumes, devoted to various papers resulting from the work of the Graduate School of Public Administration. One of them, the paper by Egon Neuberger on "The Role of Central Banking Under Various Economic Systems" received the prize for the best study prepared by a fellow in the course of the year. Two others also resulted from this competition. Harold Fletcher's piece is based upon extensive field research in France, consequent upon his dissertation on "The Nationalization Debate in France (1942-1946)."

Schauffler's study was written in response to that by Cooper, published last year. The essays by Richard S. Salant and Charles A. H. Thomson explore the problems created by the use of television, and its impact, during the 1956 Presidential Campaign.

The ninth volume will also have a section focused on a major theme, that of economic development. Professor Edward S. Mason and others participating in this seminar are now engaged in preparing this material. It is hoped that each year, one policy field of major importance will be treated more fully, thus providing still another and perhaps more complete picture of the work carried on at Littauer.

In conclusion it is my pleasant duty to acknowledge the very helpful assistance I have had from the Secretary of the School, Professor Arthur A. Maass, as well as from our editorial assistant, Miss Roberta G. Hill.

CARL J. FRIEDRICH
for the editors

THE HISTORY OF THE
CITY OF BOSTON

From its first settlement in 1630 to the present time
The city of Boston was founded by a group of Puritan
settlers who came to the New World in search of a place
where they could practice their religion in freedom. The
city was founded on the site of a Native American village
and was named after the English city of Boston. The
city was founded in 1630 and has since grown into one
of the largest and most important cities in the United States.
The city has a rich history and has been the site of many
important events in American history. The city was the
site of the Boston Tea Party in 1773 and the site of the
Boston Massacre in 1770. The city was also the site of
the Boston Convention of 1780 and the Boston Convention
of 1793. The city has a long and proud history and has
been the site of many important events in American history.

PART I
PROBLEMS OF DEFENSE

A TYPOLOGY OF MILITARY ORGANIZATION

M. D. Feld

INTRODUCTION

WAR has usually been represented as an instrument of policy and of romance. Participants and observers have, with only an occasional exception, found something in it transcending ordinary affairs and pointing to some broader and more coherent scheme of ends and aspirations. Considering the expanse of history taken up by military enterprises, this approach can perhaps be credited to a prudent desire on man's part to preserve his image of human dignity from a wanton and destructive interpretation. At any rate the soldier has conventionally been presented as the servant of some aspect of the ideal and the conditions of his service, monstrous as they may have appeared, have rarely been described as commonplace.

This idealization has furthered the process of the isolation of the soldier as a distinct social type. Men who have mastered the tools of violence have stood apart from those who have not done so. Dedication to the techniques of war has created patterns of behavior and outlook sufficiently coherent and explicit to bind their practitioners into a distinct and exclusive social entity.

These patterns, representing principles of military organization both as practiced and as idealized by its participating members, are the subject of this paper. The term military refers to any body of men widely recognized as having the application of violence as a primary occupation; organization refers both to the apparatus of leadership set up within the military and the arrangements made by the latter to insure its material support. Variations in the intensity and scope of such groups and of their activities are, of course, possible, and official recognition does not always imply social acceptance. But the latter is essential. Regular armies wither for lack of public support, while irregular groups prosper through its possession. Reduce their numbers and effectiveness below a nebulous minimum and we no longer have soldiers but bandits. Success and expansion, on the other hand, have transformed disturbers of the peace into sovereign armies.

The commitment to and the support of a specific social-political system is inherent in the nature of military organization. Since the application of violence is its primary occupation, the existence of a military organization presupposes enemies beyond the bounds of the institutions from which it draws support. In order to function as self-perpetuating entities, armies require an external objective. The martial spirit turned inwards is self-destructive, an instrument for the razing of the platform on which it stands.

The absence of the stimulus of external enemies can, as for example in feudal systems, atomize a society dominated by the military into a complex of violently competing communities.¹ Normally, however, the presence of hostile neighbors places the soldier in the ranks of the established order. Whatever the forms of his service may be, the political and social system out of which he operates gives the soldier scope and direction. Internal disturbances are clearly subversive. They corrode the tools of his trade and distract him from his major responsibility, that of the defense and extension of frontiers. In a way which is both logical and unique, armies are a dedicated instrument of political institutions.

All known political systems have boundaries, limits to the effectiveness of their means of non-violent persuasion. They all, therefore, recognize occasions sanctioning the use of force. Every state has its own army, designed for what it considers to be its preservation. Differences in the missions for which armies are organized provide an essential criterion in the analysis and description of political types, as well as military systems. In the kindred fields of politics and war, the army and the state interact on and influence one another. Politicians believe that their concepts of civic virtues and aptitudes should find expression in the armies they legislate into existence. Soldiers look for political institutions which conform to their standards of military efficiency.

¹ The consequences of this absence can be economic as well as political. In a society deprived of external objectives, politics and economics, both are reorganized on a local subsistence level—See H. Pirenne, *Medieval Cities*, (New York, 1956, p. 36). Conversely, failure, as in the case of the crusader kingdoms, to surmount a form of social and economic organization designed for local self-subsistence makes concerted action against an external threat impossible. See R. C. Smail, *Crusading Warfare*, (Cambridge, England, 1956), pp. 187ff.

STRUCTURE	POLICY BASE	SELF IMAGE	POLICY ROLE	SOCIAL MODEL	CONTROL	INDOCTRINATION
A EXTERNAL DOMINANCE	IMPERIAL	CIVILIZATION	AGGRANDIZE	THREE CLASS	FLOW OF OFFICERS	OFFICER- ENLISTED MEN EMULATION
B INTERNAL DOMINANCE	FEUDAL	BLOOD ELITE	LEGITIMIZE	TWO CLASS	FLOW OF STATUS	OFFICER- OFFICER EMULATION
C CLOSED EQUALITY	NATIONAL	HEART AND BRAIN	FORMALIZE	ORGANIC CLASSLESS	FLOW OF CONSCRIPTS	UNIT-UNIT EMULATION
D OPEN EQUALITY	REPRESENTATIVE	EXPERTS	EMBODY	ENTREPRENEURIAL CLASSLESS	FLOW OF TECHNOLOGICAL INSTRUMENTS	BRANCH-BRANCH EMULATION
E IDEOLOGICAL EQUALITY	TOTALITARIAN	CHARISMA	PROPAGATE	COMMUNAL	FLOW OF IDEOLOGICALLY MEANINGFUL MISSIONS	ARMY-ARMY EMULATION

FIG. 1. TYPOLOGY OF ARMIES IN TERMS OF RELATIONSHIP TO TOTAL SOCIETY

In this debate, the ill-defined structure of civil institutions, which avoid a rigid identification between the interests of the individual and those of the group, is opposed to the parochial self-consciousness of military organizations. The variety of the former is balanced by the solidarity of the latter. As a social entity, an armed force enjoys an exceptional degree of cohesion and of ideological consciousness.² It conceives of its activities in terms of corporate well-being, while the majority of other social formations conceive of theirs in terms of individual failure and success. The military in its role as political and social guardian stands on the frontier not of felicity, but of crisis. Particular aptitudes and strivings for self-expression must be suppressed. The personality of the officer is determined by the responsibilities and the objectives of his organization.³

In discussing the nature of military types, then, the major problem lies in the definition of the role and the position specific armies claim in the social structure and the form of the beliefs in which such claims find expression. The hypothesis to be developed here is that such claims and beliefs constitute the various forms of what is commonly referred to as the "military mind," that the emotional and intellectual positions under consideration are the models guiding the modes of organization and employment of military forces, and that this complex of "ideal types" provides the critical apparatus according to which military men submit experience to judgement. In justification of this approach, I can do no better than cite the argument of Professor J. L. Talmon:

What this study is concerned with is a state of mind, a way of feeling, a disposition, a pattern of mental, emotional and behavioristic elements, best compared to the set of attitudes engendered by a religion. Whatever may be said about the significance of the eco-

² Compare the objectives of military groups with those of organizations such as the AFL-CIO or NAM. The latter emphasize the importance of the security and well-being of individual members, the former the effectiveness of the corporate body.

³ This is not to say that all non-military groups are strongholds of individualism, and that armies are unique in striving to construct a total environment for their inmates. Military organizations are here considered as exceptionally explicit and well articulated examples of what have been termed "total institutions." See: E. Goffman, "On the Characteristics of Total Institutions," *Proceedings of the Symposium on Preventive and Social Psychiatry*, Walter Reed Army Institute of Research, Washington, D. C., 15-17 April, 1957.

TPOLOGY OF MILITARY ORGANIZATION 7

conomic or other factors in the shaping of beliefs, it can hardly be denied that the all-embracing attitudes of this kind, once crystallized, are the real substance of history. The concrete elements of history, the acts of politicians, the aspirations of people, the ideas, values, preferences and prejudices of an age, are the outward manifestations of its religion in the widest sense.⁴

THE STRUCTURAL ENVIRONMENT

Ideological distinctions among military types are based on the manner in which organized violence can play a role in a given society. According to the simplest political classification of wars, armies may be called upon to attack or to defend. Their leaders, on equally simple social criteria, may come from within the society or be drawn from outside of it. In their origins, moreover, the former may either be members of an exclusive caste or broadly selected. In any case, they represent a highly specialized group, dedicated to acts which fall beyond the normal processes of government, and as such imply a definition of war as an event which, socially and politically, is extraordinary. There is, in addition, the archetypal case where the army, the society, and the state are regarded as one and the same entity, where war is regarded as the normal condition, where the structure of society is the order of battle, where discipline is law, and where status is equivalent to military rank.

According to these categories, five structural types can be formulated: military elites⁵ that maintain themselves as an alien body superimposed on a conquered society, military elites that maintain themselves as an alien body distributed within a conquered society, military elites which take their place in society as members of a native and politically oriented aristocracy, military elites which qualify themselves in terms of some socially oriented scale of aptitudes, and, finally, military elites whose composition corresponds to the over-all structure of power within a nation in arms.

These types and their corresponding political situations can be categorized as follows:

⁴J. L. Talmon, *The Origins of Totalitarian Democracy*, (London, 1952), p. 11.

⁵The term elite is employed throughout in a purely descriptive sense, referring to those who are in formal possession of positions of authority.

- A. External Dominance — Imperial
- B. Internal Dominance — Feudal
- C. Closed Equality — National
- D. Open Equality — Representative
- E. Ideological Equality — Totalitarian

External Dominance. The first type, that of *external dominance*, describes society as organized by violence and conquest. This type represents the extreme in separation between a military organization and its supporting society. Under external dominance the elite are not only *ipso facto* soldiers, but wholly absorbed within the structure of the military organization. All that lies outside that organization is explicitly servile and inferior.

In its political form, that of empire, external dominance has represented a vocational ideal. Careers in its service have offered an alternative to the humdrum routine, the "political" contaminations and the non-military atmosphere which make military life at home "impure" and unpalatable. In one of its most publicized modern examples, the French Foreign Legion, it has assumed a mythical status of adventurous "escape."

Whatever the attractions of "escape" may be, however, they are too negative and too individual to serve in the indoctrination of a corporate and disciplined body. The self-image appropriate to the imperial soldier is not that of a man who is fleeing his society but of one dedicated to its institutions and its virtues, those of civilization. The lands and persons of outsiders, Aztecs, Incas, Gauls, North Africans or Hindus, are regarded as his legitimate material and prey. The inability to resist of the conquered peoples and societies demonstrates their state of nature,⁶ and proves that their condition is antithetical to sovereign responsibility. They are, therefore, ideologically no more than part of the material resources for some more complexly organized society, for a real civilization.

In military terms, the self-image of civilization is transformed into the policy role of aggrandizement. While the conquests of an external dominant army may eventually result in an increase in the commerce and security of its parent state, nonethe-

⁶ The colonial use of the word *native* is here ironically suggestive. Indigenous populations are considered as one of the undeveloped natural resources.

less the mission which colors the actions of such forces is that of spreading civilization over a wider area. Economic exploitation is the function and the reward of groups other than the military.

An external dominant organization cannot come to a position of rest. It is obliged to prove continually that civilization is the monopoly of its leaders. The continuance in power of any other group is, therefore, an affront to reason. Their existence in a non-conquered state represents a menace to civilization. Native institutions can, then, have no legitimacy other than that which the convenience and the tolerance of the conquerors bestow upon them.

Therefore, a bordering independent native society presents a positive threat to an external dominant army, since it is a concrete denial of the incapacity of natives for self-government. An external dominant army once embarked upon its career of aggrandizement is obliged to continue until nature and desolation provide it with limits.⁷ Any alien society left outside its control is an assertion of spiritual malaise on its part, and of the right to and capacity for self-government on the part of its necessary inferiors.

The details of government do not, however, fall within the province of the imperial military elite. Members of this group, while they may consider themselves equal to the task of formulating the broad outlines of social policy, are not numerous enough to immerse themselves in the particulars of its execution. The near total absorption in and dedication to military life which an external dominant organization demands of its leaders renders an autonomous administrative apparatus necessary.⁸

An external dominant organization must, therefore, create an auxiliary class, a stratum of administrators and middle-men, between itself and the conquered. These can be either lower caste members of the military organization's home society, local collaborators, or migrant adventurers; the sole requirement being non-membership in the military elite. The three classes thus

⁷ "Created by wars that require it, the machine now created the wars it required." J. Schumpeter, *Imperialism*, (New York, 1955), p. 25.

⁸ "... in order to exhibit a continual trend towards imperialism, a people must not live on—or at least not be absorbed by—its own labor. When that happens, the instincts of conquest are completely submerged in the economic concerns of the day." Schumpeter, *op. cit.*, p. 46.

created represent three worlds, authority at the top, privilege in the middle and subservience below.

As a social model this tripartite arrangement serves many functions. It emphasizes the distinction between rulers and ruled. It maintains a strict specialization for the military calling and prevents the emergence of non-organizational interests among the elite and their troops. It permits efficient exploitation of the conquered area. It erects a buffer class, the members of which can be sacrificed to the complaints of the exploited without too great damage to the morale of the ruling body. It creates a responsible administrative body for non-military functions. It keeps the military free for further ventures.

This model cannot, however, provide total support for an imperial army. The latter, no matter how striking its success, can never be self-sustaining. One factor binds the imperial army to the metropolitan society and keeps it responsive to its dictates and controls: an imperial state cannot recruit its leadership cadres from the conquered peoples. In an order established by conquest, the admission of the conquered to positions of military leadership represents a retreat. If the conquered are capable of military responsibility, they are capable of managing the rest of their affairs.

This necessity of recruiting leaders from areas in which it is by definition forbidden to operate and over which it has no direct control presents an external dominant army with its particular problem of indoctrination. The objectives here are two-fold. Officer recruits must come to identify themselves with the external dominant army as an entity which, while serving in distant areas, incarnates the metropolitan homeland. Officer recruits must likewise place themselves at the head of and gain a sense of kinship and common interest with the body of their alien command.

This last objective is the critical one. Imperial service tends simultaneously both to exaggerate and to bridge the distance between leadership cadres and the ranks. On the one hand, the mystique of command is intensified. Officers regard themselves as agents of a spiritual force, civilization, and view their service as a mission as well as a profession.⁹ On the other hand, the

⁹ See, for example, P. Heidsieck, *Rayonnement de Lyautey*, (Paris, 1941), pp. 119-200.

pressures of garrison life tighten the bonds between all ranks. The essential division is between conquered and conquerors, not between leaders and led. The belief that all the forms of non-military life are hostile to them gives external dominant soldiers a community of interest.

The conflict of these two objectives inclines an external dominant army to prefer aliens to nationals as enlisted men. The factor of common nationality can in an external dominance situation undermine discipline. If the ideological justification of authority is the possession of a superior standard of civilization, the enlisted men from the metropolitan base share that quality with officers. At least, they may believe that they should share it, and the burden of subordination will be increased by the loneliness and monotony of garrison life.

Moreover, the existence of fellow-citizens in the ranks of external dominant armies decreases the range of their autonomy. When the troops involved have families with votes, or at least with voices, the metropolitan base is apt to maintain a greater interest in their operations, and hold them in greater responsibility for casualties incurred. This may tend to inhibit an army's range of action and to increase the intensity of its externally imposed controls.

With "native troops," on the other hand, all these problems disappear. Such troops, drawn either from areas outside the field of conquest or from select groups within it, strengthen their commander's hand. Because they are consciously chosen and distinguished from out of the mass of the uncivilized, it is assumed that they will recognize themselves to be in their commander's debt. They can be expected to find honor and achievement rather than imposition in their subjection to civilized command.

The use of select natives as troops has as its result a particularly romantic concept of imperial leadership. The radical opposition of external dominant service to all non-military forms of life prevents its leaders from employing arguments of social or political utility in defense of its organizational characteristics. It is necessary that imperial armies be presented as the spontaneous product of civilized values rather than as the instrument

of devious political calculations.¹⁰ Its traits must be explained on a purely military basis. Service must be presented as an act of self-realization rather than one of social purpose; the military life described as the morality of those who are expressly created for it and, therefore, otherwise would be lost among civilian ways.¹¹ The native is, therefore, declared to be chosen on the base of his natural military qualities. The mantle of the "noble savage" is decked about his person, justifying his selection. In this he is opposed to the other natives, ignoble savages, who are not worthy to serve in the imperial ranks. That the "noble savage" generally turns out to be rather more primitive than the ignoble one, serves to prove that no civilization at all is preferable to a false one, and emphasizes that true culture which qualifies his leaders for their particular role.

In this glorified form, the native recruit becomes an instrument in overcoming an essential ambiguity in the imperial ideology. The quality of civilization which, enshrined in the metropolitan homeland, is regarded as the justification of conquest is, when confronted by martial necessity, judged to be antithetical to the military virtues. Its attributes of moral and intellectual self-sufficiency run counter to the requirements of discipline. Civilization as a personal quality is, therefore, insufficient to transform a metropolitan recruit into a military leader. It must be remodelled into a collective attribute, one which comes not from national origin but from organization role. For this transformation, contact with the troops is necessary. Though he is not civilized, the "noble savage" is assumed to possess an equally valid quality, the martial proficiency which makes him eligible for service. Carried one step further, the native trooper—Ghurka or Goumi—becomes the personification of Mars, and thus an instrument in the indoctrination of officer candidates whose civilization is beyond the questioning of the rank and file, but whose military proficiency is subject to their doubt.

In order to display his capacity for military leadership, the officer candidate enters into competition with and proves him-

¹⁰ *Vide* Caesar's *Commentaries* where he consistently presents his actions as the almost unpremeditated consequences of a simple, civilizing mission and contrasts them with the political schemes of his opponents, Barbarian and Roman.

¹¹ See, Alfred de Vigny, *The Military Necessity*, a eulogy of one age of imperial expansion and a prophecy of another.

self the martial peer of the men under him; an effort which in practice involves his stripping himself of all his original attributes save that of rank. His own leadership claims are, thus, safeguarded in this emulatory process—provided that he does not fail to prove himself a "soldier." Since he is meeting the native on the latter's terms, the quality of "civilization" is not contested by them, and remains his badge of leadership. The right to exercise such leadership, however, becomes the gift of the military organization, conferred on the basis of its own criteria and not those of the metropolitan homeland. The tested recruit, after stripping himself bare, regains his birthright by proving himself capable of taking on the responsibility of his organizational role.¹²

Internal Dominance. Military forces of *internal dominance* structure characterize a society in the process of being settled by its conquerors. The condition of conquest is here transformed into a social norm, that of feudalism.¹³ Unlike the imperial army, which leaves the conquered society fundamentally unchanged and which is content with a situation guaranteeing it an undisputed monopoly of power and an undisturbed collection of tribute, feudal institutions seek to transform native institutions into a social expression of the power and the possessions of individual members of its military elite.

For the career soldier, then, an internal dominance organization represents a condition where martial proficiency is translated into a clear and concrete stake in the social order. Value as a soldier corresponds to landed wealth, proficiency as a leader to the effectiveness of political authority. War is regarded as the natural condition of man, and society is based on the factors governing it.

Social organization and militant man are thus united. But

¹² For a description of this process, see J. Masters, *Bugles and a Tiger*, (New York, 1956), in particular, pp. 118-124.

¹³ For a recent and intensive effort in the description and classification of feudalism see: R. Coulborn, ed., *Feudalism in History*, (Princeton, 1956); in particular R. Coulborn, "A Comparative Study of Feudalism," pp. 185-395. Professor Coulborn finds feudalism to be a process of social transformation and cultural revival. The more static approach of this paper limits it to the treatment of feudalism as the political expression of an ideal type of social-military relationship. Professor Coulborn's effort to point out broad similarities in the processes of institutional development and cultural change among feudal societies, while offering much illustrative material, does not, therefore, bear directly on the problem approached in this paper.

individual valor is a sufficient basis neither for the erection of an efficient military system nor for a stable social order. Its possessors are all too subject to fate and misfortune.¹⁴ More important, it is not sufficient to guarantee the secure possession of the status and the property which individual soldiers have been able to obtain. While the "companion of the conqueror" may be able through force and cunning to maintain himself in power, what assurance is there that his natural heirs will be endowed with similar gifts in similar degree? Establishing a society on the pure pattern of individual attributes invites a revolution and a redistribution of power with every campaign or generation.

Since candidates for a feudal elite are not in general doctrinaire revolutionaries, some bond of common interest must be created, in this case the self-image of membership in a blood-elite. Social pre-eminence becomes the expression of virtues handed down from father to son. Members of an internal dominant elite claim that a given social and political system is sanctified because they personally are directing it. With sometimes authentic and more often falsified pedigrees, they declare themselves to be the legitimate heirs of those who have always ruled.¹⁵

To counter the claims of individual aggressiveness, the collective understanding is created that the existing division of property corresponds to the requirements of a minimum degree of social order.¹⁶ But not even this is sufficient. Feudal society justifies its distribution of property by reference to the requirements of its defense.¹⁷ The possession of property is equated with martial duty and capacity; each man holding what he is demonstratively both required and able to defend. Authority then, verges on the state of nature. Its possessors are threatened with tenures that are "solitary, poor, nasty, brutish, and short." Failure is equated with illegitimacy. The naked fact of dispossession brooks no argument.

For a stable social order, criteria other than military are

¹⁴ The political and social insufficiency of military virtue is the standard theme of internal dominance romance from Homer to Chaucer.

¹⁵ *Etre noble, c'est de ne compter parmi ses ancêtres personne qui ait été soumis à la servitude.* Mon. Germ. LL, T. IV, p. 557, col. 2, l. 6. Quoted in M. Bloch, *La Société Feodale*.

¹⁶ See J. L. La Monte, *Feudal Monarchy in the Latin Kingdom of Jerusalem, 1100 to 1291*, (Cambridge, 1932), pp. 138ff.

¹⁷ The border lords of Feudal Kingdoms, its Mortimers and Percys, invariably received the greatest latitude of means and operations.

clearly necessary. An internal dominant elite must, if it is to have any stability, secure individual members in the possession of the status and property they have acquired. Agreement among its own members must legitimize the existing arrangement of holdings. The collective body must consider itself attacked in the dispossession of any one of its members.

To the extent that an internal dominant system is successfully established, the status of its members must be threatened neither by war nor by internecine rivalry. The dominant position of the feudal elite is guaranteed as long as they retain their arms bearing monopoly. Defeat, local or general, may overthrow a particular set of holdings; membership in the chivalric order, however, should insure even the dispossessed of a superior status. Given the right to bear arms, it is assumed that the other possessions will follow.¹⁸ It is on the part of those who in themselves and in their ancestors "have always been submitted to servitude" that the danger lies, in the acquisition of property and authority by individuals excluded from or hostile to the chivalric order.

The "blood elite" self image of the Internal Dominant elite sharply divides their society into two non-assimilable classes. Pride of descent is, in general, ambitious rather than pious. The hazy contention that none of his ancestors were slaves may exist in the mind of the feudal lord, but it pales before the strength of his determination that his descendants shall be at least as powerful as he. Considerations of security demand that the Feudal elite as a class evolve a common policy determining the possession and transmission of property. If the conquered areas represent a state of nature to external dominant elites, one to be exploited for the benefit of the "civilized" community, the possessions of the internal dominant elites represent the basis of the personal power and the guarantee of the social order inherent in each member of the caste.¹⁹

¹⁸ According to the ideology of Feudalism, war is an entrepreneurial activity and looting a legitimate return on the capital outlay represented in armour and equipment. A feudal warrior thus possesses a means to fortune commensurate with his status. See, Fritz Redlich, *De Praeda Militari, Looting and Booty 1500-1815*, (Wiesbaden, 1956).

¹⁹ "For I do not, Sire, hold that land of Morea either as a paternal or ancestral inheritance, so that I can freely give or grant it away. Those well-born men conquered the land who came with my father hither to Romania, as his friends and companions-in-arms. By the sword did they gain the land of

Feudal security, then, depends upon the firm adherence to a *social model* of a two-class society. Authority, the right of property, and military skill are the characteristics of one sharply defined group, the absence of them the attribute of the other. Factors limiting any one of this trinity automatically affect the others in equivalent degree. The delegation of authority carries with it the right and the necessity of bearing arms and of holding property and, since these last two are the exclusive characteristics of the military elite, entrance into the ruling class. Authority cannot, therefore, be entrusted to mere policy instruments chosen from without the ranks of the feudal elite. Its exercise involves the personal possession of other characteristics which, taken in a bloc, serve to identify the naturally elect.

This peerage of arms-bearing and property is, however, receptive to gradations of status and degree. Feudal lords have attributes which serve to distinguish them qualitatively from everyone else. Within the elite, however, these attributes admit of quantitative measurement. Their distribution provides a means for centralized controls. In particular, it is land, the most tangible factor, which provides a measure for distinction and subordination within the ruling class. The ability of the sovereign to distribute and redistribute such property is one and the same as his power to confer and withdraw status. The legitimization of authority, the non-servile pedigree and the right to bear arms flow in turn from status so conferred.

This circular process generates the instability of feudal government. Expertly aggressive feudatories use their authority to extort an equivalent measure of status from their suzerain. Ineptly aggressive ones are penalized in status for their inability to defend their possessions. Ideally, the authority of the sovereign should operate through the translation of his superiority in property, martial prowess, and pedigree into a capacity to trans-

Morea, and among themselves they made just distribution of it. To each they gave according to his quality, and thereafter they all chose and made my father, as the man of greatest honor and wisdom among them, leader over all. They set down in written agreements and conventions that he should have no power to make judgement alone, nor indeed to do anything in the world, without the counsel and will of all his companions. And thus, Sire, I am without power to give up anything of the land that I hold, because our fathers gained it by the sword, according to the customs that we hold and that they made in common." *Chronicle of Morea*, J. Schmitt, ed., (London, 1904), Lines 4271-4290.

fer status and property to his followers. The limits of his control within an internal dominant system is to be sought in the distribution of such items.

Balancing this contest for status are the ties which a common chivalric code produces among the competitors. Members of an internal dominant elite, are dependent upon one another for recognition and support in the vital matter of self-identification in their exalted role. The existence of the Feudal warrior begins and ends within the limits of his own internal dominant military structure. Unlike external dominance, there is no metropolitan base from which a candidate may set forth, accredited though as yet unproved. His credentials are entirely in the possession of the body of his peers.

Internal dominant elite candidates must, in response to this circumstance, establish themselves through caste competition. The rites of initiation take the form of a series of trials which test the aspirant's ability to uphold and adhere to the common code. A complex apparatus of vigils, jousts, tourneys, liege obligations etc., all stressing the common links of a morally and martially competent class, thus comes into being. The competition naturally underlying the system is formally transformed into a declaration of mutual admiration; aggressive impulses into an affirmation of fraternity.²⁰

Closed Equality. Military organization on the structure of *closed equality* characterizes a social system whose non-military parts have grown in power and complexity to the point of being able to challenge the power of the military elite. In schematic terms, it represents a situation where military command though still the undisputed monopoly of the latter has been subordinated to the problem of administering the general social order. In pursuit of this objective, non-military groups gain the possession of vital sections of the decision-making apparatus.

The term "equality," here employed, refers to the transformation of political responsibility from possession into privilege. In "dominant" type societies such responsibility is indistinguishable from military authority; the non-military are by that very

²⁰ The theme of the brotherhood of all true, chivalric warriors is a common feature of the idealization of Feudalism; see Américo Castro, "The Presence of the Sultan Suladin in the Romance Literature," *Diogenes* 8, Autumn 1954, pp. 13-36.

condition excluded from any participation in the affairs of the state. A "dominant" society does not possess a unifying concept such as citizenship or nationality. Its members are described by the terms that divide them, the simple antimony of rulers and ruled. In "equality" type societies on the other hand, political responsibility is a privilege open to all inhabitants, at the discretion of the sovereign. As natives they are all equal in his eyes. Whatever distinctions and privileges they may achieve stem from his judgement as to how well they have served him.²¹ This is not to say that "equality" is equalitarian. The privileges bestowed come in the form of a gift, not a right; since they are the ruler's fiat, they clothe social distinctions with the sanctity of law. This law operates through a single judicial system which incarnates the sovereign personality and which takes the entire population under its jurisdiction. Extraterritoriality and private justice characterize "dominant" social-military relationships, centralized justice and public codes "equality" type ones.

The historical setting of *Closed Equality* has been the nation state with its political tradition of indivisible and absolute sovereignty. Political authority, which in Feudal society was the balance and sum total of the property holdings of the military elite, the concrete interest and security of a chosen few, is elevated into an abstract entity which transforms the sovereign from an aristocrat *primus inter pares* into a being qualitatively unique.²² The destiny and welfare of the society is regarded as being entirely within his hands. The totality of his power is justified by an assertion of the primitive and undifferentiated insecurity of his subjects, of the chaos and anarchy which precede the establishment of the "state."

Status distinctions within the closed equality structure are based on service to the sovereign. Public office, not property or "civilization," is the means and measure of success.²³ Under such a system, nationality, i.e., residence within the territory divinely entrusted to the sovereign authority and training in warfare and law, the professional skills of public administration,

²¹ Vide Shakespeare, *Henry V*, a play which can be regarded as a document of emergent national consciousness.

²² See J. Neville Figgis, *The Divine Right of Kings*, (Cambridge, 1914).

²³ See: H. R. Trevor-Roper, *The Gentry 1540-1640*, (London, 1953), p. 34ff; also Franklin L. Ford, *The Robe and the Sword: The Regrouping of the French Aristocracy after Louis XIV.* (Cambridge, 1953).

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are the major qualifications for preferment. The institutional embodiments of these professional skills take the form of monopolistic and self-perpetuating corporations. As instruments of the commonwealth, they are theoretically open to all citizens. A demonstrated mastery of the professional code and ritual, rather than pedigree or property, is the means of entrance into the office holding elite.

Closed equality elites are not, however, rootless. The importance given to nationality and professional ethics serves to preserve the connection between property and military authority. Since nationality signifies residence, the possession of landed property is regarded as a demonstration of social commitment; the greatest property holders are the most "resident" and, therefore, the truest members of the state. Moreover, since military command is regarded as the most effective means for asserting the sovereign's dignity and authority, landed proprietors, as the subjects most bound to his favor and will, are logically most fit to lead his armies.

Landed property is, in addition, regarded as the most public form of wealth. The sum total of its extent defines the authority of the sovereign. He rules over his dominions and thence over his subjects. His control of their property is prior to his control of their lives. Moreover, property is non-fluid and cannot, like bodies, specie and commodities, be transferred across national boundaries, weakening and impoverishing the state. Landed proprietors are, therefore, the most suitable recipients of the sovereign's confidence. The nature of their fortunes renders them most dependent upon him and most subject to his control. The immovability of their wealth stands as a bond for their loyalty to the state. Their self-interest demonstrably requires a rigid professional morality.

Trade and commerce are, therefore, forbidden to the office holding class as unethical. Military leadership, in particular, is restricted to members of the property holding aristocracy, bred and trained exclusively in this capacity, and barred from any other occupation. The condition of closed equality may, for its military leaders, represent a decline from feudal conditions where the army had undisputed control over society. The military pursuit, nevertheless, is still the most honorable public of-

fice. Though it may be degraded to some extent by being regarded as an office and thus lumped with other professions, it is still esteemed as the profession theoretically devoted to the most essential portion of well-being of the state. In a closed equality social-military relationship, non-military offices though publicly rewarded, are regarded as inferior and personally debasing.

On the basis of this assessment of relative social importance, the closed equality military elite create an image of themselves as the nation's heart and brain, the part devoted to the direction and balance of the whole. To emphasize this role, members of the military aristocracy cultivate habits of conspicuous waste and carefully avoid spending their time and energies on anything that may be regarded as directly productive or rewarding. Wealth when it does come to them must come in the form of largesse.

This, of course, is not to credit them with an ascetic outlook. Material possessions are regarded by members of this group as indispensable to the maintenance of proper, professional standards. It is their belief, however, that the state, in recognition of the vital function they perform, should take steps to provide them with the necessary materials.

This claim on the part of the military to lavish support is not solely based on their estimation of the political value of military service. It is perhaps even more strongly founded on the social function which the military virtues play within the nation-state. In a society where the nominal condition is that of equality, where every man is free to improve his social and material position, regardless of its public consequence, the aristocratic imagination sees "mere anarchy" ever ready to be "turned loose upon the world." Commercial enterprise and self-improvement can easily destroy the order and allegiance necessary to good government. The interests of the state are threatened by a turmoil of private and materialistic interests. The devotion to the public interest which is the basis of aristocratic status and privileges stands as the sole safeguard, the indispensable keystone of an ordered society.

The policy role, then, which the leaders of a closed equality military structure claim for themselves is that of formalizing the dangerously fluid and unstable system of which they form the

topmost part, of restricting the influence of the other, less nationalized professions, and of playing the vital role of heart and brain—depending upon the current state of anatomical knowledge—amid a mad welter of grasping limbs and engulfing digestive tracts. The military calling, with its absolute dissociation from all forms of commerce, trade and other international interests, stands as an assurance that the most vital of public offices will not be open to anyone whose devotion to the state can be called in question. By virtue of its position at the head of the social hierarchy, the army is able to insist, as the first condition of an active public career, that successful members of other professions resign from their original callings and convert their wealth into land. By designating military service as an essential apprenticeship to superior status, it places all aspirants for the latter in the obligation of undergoing a prolonged period of aristocratic indoctrination. By insisting and arranging that all members of the ruling class be possessed of a common background and outlook, one which insures their devotion to and immersion in the service of the state, the closed equality elite claims to preserve its society.

The over-all attraction of this organic model lies in this quasi-scientific legitimization of social mobility, in its transformation of status into a form of personal sacrifice. As long as it is possible for newly arrived wealth to be converted into land, and for private success to purchase public office, the suppression of individual ambition and class claims, and the pursuit of national harmony correspond to the justification of the status quo.²⁴ The problem of converting political or economic prosperity into social status is, thereby, simplified. The social model of a closed equality structure is a state where self-betterment is linked to public office and where the officially recognized and, therefore, publicly oriented professions have the ascendancy in prestige, wealth and power over privately oriented ones. The social doctrines of an organic classless society assert that the political strength of the nation is the prior and necessary condition to the personal well-being of its members. The professions devoted to the former function, therefore, deserve special privileges and rewards.

²⁴ *Vide* Hegel (the classic apologist of this political condition). *The Philosophy of Right*, trans. T. M. Knox, (Oxford, 1942), page 197.

In the military sphere, then, commissioned rank is on a primitive level regulated through a purchase system, operating on the hypothesis that the supremacy of the military elite is so firmly established that it is impossible for anyone to possess the necessary wealth without having qualified, in some more essential way, for membership in the elite. As the dominance of the landed aristocracy is reduced, however, it becomes necessary to establish some means of distinguishing officers whose presence represents the power of the lower professions from those who are the true representatives of the "born and bred" soldier. In this advanced form, the role concept of the military elite in a closed equality type society takes the concrete shape of a general staff. There the military aristocracy is entrusted with the planning for defense of the nation. The actual fighting is left to the parvenus. Functionally speaking, this new responsibility involves a shift in professional emphasis from personal valour to logistic and strategic proficiency. The mission of the military elite is to organize and direct the national military establishment. Its position as the object example of dynamic leadership and martial virtues, a personal rather than an official quality, is merely a ceremonial one.

The emergence of the staff concept implies a general weakening of the elite control. The inability to impose aristocratic standards on the officer corps is paralleled by the disappearance of a free hand in the drafting of recruits. As the consciousness of public service filters down through society, increasing numbers of the general population claim exemption from what is for them service in a private, i.e., particular, area. To the degree that aristocratic background is equated with planning capacity, limits are therefore imposed upon the autonomy of the military elite. It is obliged in the recruitment of its enlisted personnel to seek the cooperation of the nation.²⁵ The army as part of an organic state is drawn from the body of the population, according to a national consensus as to the rights and obligations of military service. Those of the non-military already acknowledged to be performing a public service are considered exempt—conscriptio is, therefore, the proclamation

²⁵ In an internal dominant system there are, ideally speaking, no enlisted personnel. All fighting men are members of the elite. In an external dominant system, enlisted personnel are, by definition, excluded from participation in the decision-making processes.

of a private, i.e., non-privileged status. In a closed equality society, the great social-military debate centers on the nature and the extent of the conscription laws.

The drafting of conscription laws reaches beyond the personnel needs of the national military establishments. It represents in explicit terms the relationship of groups other than military to the state. Since, according to the principle of organic differentiation, military service is unnatural for all but the military elite, it is generally regarded as a burden and an imposition. The claims of other professions to useful, public service demand recognition in the form of exemptions for their members. Ideally, citizens should be conscripted to the extent that their professions are devoid of public utility. The fact of conscription does then imply a social rebuke. The enlisted core of a peacetime establishment is presumed to consist of those citizens whose lives are otherwise entirely useless.²⁰ In time of war, these are supplemented by drafts of those whose non-mobilized efforts represent the marginal social contribution.

As is to be expected, every occupational group will employ its political power and prestige to render itself exempt from military service. The relations between the military elite and the rest of the nation, therefore, resolve themselves into a series of manoeuvres where each group attempts to bring about the arrangement of military service most favorable and flattering to its members, and where the military seek to gain the greatest possible degree of freedom in the filling of their enlisted ranks. The need for a large national army or militia having once been accepted—national armies and militias as the sovereign image of its might are almost always large—the military elite is driven to come to terms with the most influential non-military groups. The alliance thus formed secures the enactment of the necessary conscription legislation. The actual process of such bargaining constitutes the machinery of civilian control. The military may

²⁰ "The privates of the American regular army are not the most creditable soldiers in the world; they are chiefly composed of Irish emigrants, Germans, and deserters from the English regiments in Canada. Americans are rare; only those who can find nothing else to do and have to choose between enlistment and starvation, will enter into the American army." Frederick Marryat, *A Diary in America, with Remarks on its Institutions* (London, 1839, 3 Vols.) II, p. 305. Commissions in this democratic variant of closed equality were regarded as a form of public office. See: S. P. Huntington, *The Soldier and the State*, (Cambridge, 1957), p. 206ff.

be considered independent within the state only insofar as they are free from the necessity of dickering with non-military groups over conscription.

The independence of armies is not, however, a simple matter of national compliance. It involves the willingness of the total society to allow the military to assume what they consider to be their natural role and form. In a social structure of closed equality, military organization fosters a sense of proprietary autonomy on the part of its elite. Though they are dependent upon the rest of society for their materiel, the army is personally theirs. Its direction is a caste monopoly. Its units are the property of the assigned commanders.²⁷ In the eyes of its leaders, then, civilian consultation is a specimen of social disorganization and organic disequilibrium which forces the army to relinquish a portion of its rightful powers and which brings private interests to hear on what is, in essence, a public trust.

The sanctity of office expressed in a military authority and organization is a vital component of the aristocratic monopoly of military leadership. Since the regiment is the official responsibility of its commander, the appointment of its officers is entirely up to him. The public safety is endangered if parties other than his sovereign question his handling of it. The authority he is delegated empowers him to select his officers free from private pressures.

The acceptability of officer recruits is thus insured by making their appointment a sinecure of senior caste members. Military units have their charter in the privileges granted to such officers to raise them, not in the functional subdivision of the national force. As a result, military prestige within a closed equality structure centers on the traditions and the status of individual regiments. Emulation within the system takes the form of a competition among regiments for "guards" status, i.e., an intimate connection with the person of the sovereign, and of an effort among officers to incorporate this status into their personal bearing and behavior. The occupational ambitions of the officer-recruit focus on securing admission to a distinguished

²⁷ Down to the reforms of 1871, the British army was a collection of regiments; the regiment was fundamental, whether from the administrative, the social, or the operative standpoint, and was, of course, the property of its colonel. See J. W. Fortescue, *The British Army 1783-1802*, (London 1905), p. 10.

regiment,²⁸ rather than on acquisition of technical, martial proficiency, the respect of his fellow officers, or the devotion of his enlisted men. The latter considerations are not excluded, but they are secondary in importance.

As a result, the aristocratic officer operates within a closed system, one centering on the values of its senior members. In a more positive sense, the individual operational units of the military organization claim an ethical foundation for themselves, a professional standard which they profess to find lacking outside their particular regimental bounds; even other regiments may be beyond the pale. The exercise of aristocratic virtues is restricted to the regimental mess and parade ground; and have neither meaning nor recognition beyond. The active, aristocratic life can only be pursued in the company and under the approving gaze of one's fellow officers. Apart from the good society of the proper regiment, there is only an individualistic, plebeian solitude.

Open Equality. Military organization on the structure of *open equality* characterizes a social system in which a clear-cut and officially recognized hierarchy of professions is no longer an article of faith. Within such a system, the exclusive measure of distinction is technical proficiency in any given field, as judged by success on the open market. It is a world in which a path is naturally, indeed almost automatically, beaten to the doorstep of the builder of bigger and better mouse traps.²⁹

The social structure embodied in an open equality army claims to be practical rather than ideal. Closed equality systems measure the utility of individual citizens by the nature of their official involvement. An open equality social system, on the other hand, regards all citizens as publicly useful on the basis of their private interests. Success in the pursuit of such interests is regarded a valid index of public responsibility.³⁰

The policy base of an open equality structure is founded on the belief that all privately useful skills are politically useful. It

²⁸ See C. Woodham-Smith, *The Reason Why*, (New York, 1954).

²⁹ "... The general prosperity attains a greater height, and is more widely diffused in proportion to the amount and variety of the energies enlisted in promoting it." J. S. Mill, *Representative Government, Utilitarianism, Liberty and Representative Government*, (London, 1910) p. 208.

³⁰ The famous "what's good for the country is good for General Motors, and vice versa" can be regarded as a legitimate expression of faith in the open equality doctrine.

rests, therefore, on what it considers to be a representative society, one which distributes its authority according to the broad patterns of demonstrated enterprise and success. Its military system reflects this prejudice and favors careerists whose skills are readily translatable into aptitudes considered desirable by the general social system. The pay scale of private enterprise is mirrored in the classification of military specialties.

The military self-image of an open equality-representative system claims for itself the same qualities of expertise and technical proficiency which are used to justify distinctions within the general managerial elite. Leadership comes to be vested in the hands of the expert according to the assessed value of his "expertise." The military technical is favored over the rounded and "soldierly" professional. In contrast to the closed equality aristocrat, whose advancement is determined by his demonstrated loyalty to his caste and his mastery of its customs, the open equality technician's career is regulated by his demonstrated devotion to his instruments and mastery of their mechanical peculiarities.³¹

Since this expertise is determined by a "progressive" social outlook, the open equality military elite are apt to have many of the qualities of a "man on the make." Guided by a desire to gain the maximum utility from the machines and manpower at their disposal, they are inclined to employ these items according to the prevalent managerial standards rather than to force them into the mold of military code and traditions.

As an expert openly competing with other experts, the military leader tends to evaluate himself in terms of the general society; an evaluation intensified by the willingness of that society to reward him on such terms. Generals of armies are assumed to be interchangeable with captains of industry, and the transitions are relatively frequent; from the former to the latter in peacetime and from the latter to the former in time of war. The soldier is expected to demonstrate that he is an economically viable item. His rewards are modelled on those of private industry.

The desire for recognition as a legitimate enterprise leads the armed forces to adopt the policy role of "embodying" the in-

³¹ The careers of the pioneer airpower and armour advocates provide eloquent testimony on the conflict between these two types.

dustrial principles and "know how" of society, of presenting themselves as the culmination of many autonomous lines of entrepreneurial development. "Learn a trade" and "Travel, Education, Security, Career" are the advertised inducements for long term military service. In the provision of equality of opportunity and openness of career, open equality armies strive to be more civilian than civil society itself.³²

The social model of an open equality military structure is that of entrepreneurial classlessness; a society in which all members are privately oriented and where the pursuit of particularized ingenuities results in the common welfare. The entrepreneurial classless military officer differs from the organic classless one in that he no longer regards himself either as the proprietor of his command or as the conscience of his state. His self-image is that of the operator of the machinery of national defense. Not that this conscience and proprietorship has been usurped by some other occupational group, rather the standards of technical efficiency which uniformly motivate all citizens eliminate the need of an architectonic element and can be depended upon to insure the common security.³³

Members of this military elite see themselves as matching other enterprising citizens in efficiency and as managing a military machine which exploits to the fullest the available resources of manpower and techniques. Since they no longer lead their society they are not responsible for determining the moment and direction of war. They are responsible only for being in readiness when it does occur. Hence the paradox of the essentially passive military leaders of an open equality army whose duty it is to draft detailed war plans against any conceivable opponent, while the more active closed equality force can restrict its planning to a predetermined foe.³⁴

³² It is significant that in the matter of racial desegregation, the U.S. Armed Forces were obliged to move more rapidly than the rest of its society.

³³ In a democratic structure—which we define as one in which power is diffused through out the society with no group possessing sufficient power to gather enough more to erect itself into an absolute authority—decision making is decentralized because power is decentralized. Cf. Yale Brozen—"Technological Change, Ideology and Productivity," *Political Science Quarterly*, Dec. 1955, p. 522-542.

³⁴ In 1914, the German General Staff, the proverbial epitome of military thoroughness, had operational plans only for an attack on France. The nature of their office gave them a total responsibility for war. See Gordon Craig, *The Politics of the Prussian Army*, (New York, 1956), p. 294.

In effect, the technological orientation of the open equality military officer restricts his share of the responsibility for the national defense. He does not claim to be a member of the caste morally qualified for leadership. Instead, the open equality expert regards himself as a martially oriented member of the general body of managerial technicians. His commission is based on acquired skills. The scope of his responsibility is determined by technological and operational importance attached to the instruments of which he is the acknowledged expert. His military competence ceases simultaneously with his expertise.⁸⁵ Policy is determined by a consensus of the informed, rather than by the conscience of the select.

Since military authority is dependent upon the technical and operational capabilities of the instruments entrusted to it, power struggles among the military tend to center on the allotment and development of new technological instruments and of new technologically oriented missions. Established military branches each claim priority in the development and organization of these roles and strive to present the new instruments in the form of a logical development of those they already possess.

Thus the general social system, as the sum total and final arbiter of technical competence, has firm control over the operations and the organization of its military component. Since it is the accepted judge of technical capabilities, it can allot the responsibility for weapon's research and development among the various military branches. A branch slighted or ignored in this technological race faces the immediate prospect of a decline in prestige and activity and the eventual one of obsolescence. Its survival comes to depend upon its ability not to develop professional self-sufficiency, but to present itself as a microcosm of the social whole. The evaluation of technological capacity, under an open equality military structure, is the index of success, and since the criteria of such an evaluation are expressed in civilian terms,

⁸⁵E.g., the argument that the employment of airpower should be solely determined by aeronautical experts; a claim bitterly contested by the old "heart and brain" professional. Similar arguments have been advanced by members of the scientific community concerning the employment of nuclear weapons. The standard *closed equality* argument, on the other hand, is that any technical innovation is just "another weapon" which does not fundamentally alter the nature of war.

the machinery of their application provides an effective instrument of civilian control.

Within the military organization the predominance of technological criteria takes the form of an extreme rivalry among the various component branches. The orientation of individual officers is determined by the weapons systems they service. Here, competition is not only among army, navy and air forces, but also among the components of these branches, tactical air versus strategic air, armour versus infantry, submarines versus carriers.³⁶

Such branch rivalry serves as an instrument of officer candidate indoctrination. Command aspirants are imbued with the belief that their chosen or assigned branches are militarily the most important, in the sense that its technological contribution is either the most far-reaching or the least subject to obsolescence. The vital mission of each branch is put forth as a claim to the highest priority in the control and the development of new weapons. The service of its particular weapons and techniques is asserted to require a higher level of technological competence and a more progressive outlook than those of any other military branch.

Training as candidates likewise tends to make officers creatures of the branch into which they have entered. Particular military aptitudes find recognition and reward only if the unique contribution of their assigned arm is publicly recognized and encouraged. As specialists, officers become the victims of an early military marriage, which narrowly limits the range of their future assignments. Their general social standing as productive members of the commonwealth intimately depends on the technological evaluation of the service to which they belong. The responsibility of his actual assignment and the prospects of his long range career lead the open equality officer to fuse his interests with those of his assigned branch, and to regard members of other services as personal and technical obstacles.

Ideological Equality. Military organization in the structure of *ideological equality* characterizes a social-military relationship in

³⁶ This rivalry is a feature of the indoctrination of officer candidates. In a closed equality milieu such as Sandhurst under the late British system, cadets compete for admission into favored regiments, normally the most anachronistic one. In an open equality milieu such as West Point, cadets compete for admission into the most favored branch, normally the most advanced technological one.

which the distribution of power and authority is determined by individual display of doctrinal commitment. In more concrete terms it represents a situation in which the "party" regards itself as the synthesis and suppression of both society and state,³⁷ and where the degree of active adherence to the party program and dogma is the measure not only of status and authority but of membership in the community itself.

The policy base in all aspects, including military, of an ideological equality structure is the totalitarian community. In such a community activity or belief at variance with the party doctrine is treason. The totalitarian community demands the fullest possible participation of its members in public affairs on the grounds that its program encompasses all legitimate aims and occupations; all unassimilated organizations, internal or external, are, therefore, enemies.

The equality of totalitarian ideology is based on a dogmatic refusal to give any weight to private capacities of judgment and decision. The official doctrine has the sanctity of the ideal and the inevitable. Individual insights are imperfect and transient. Private activities, no matter how momentarily beneficial to the general welfare, represent a lower level of knowledge. As such they are personally harmful and deprive individual members of that possibility of salvation which it is the function of the community to insure. Under ideological equality, individual capacities do not exist, the power to act is a reflection of adherence to dogma. All adherents are, as such, equal.

The supreme penalty, therefore, is to be refused the opportunity of party service. Ideological equality draws every citizen into the service of the militant faith.³⁸ Only those who are considered incapable of belief are exempted.³⁹ Since belief is salvation, the excluded are damned.

³⁷ See Frederick S. Burin, *Bureaucracy and National Socialism: A Reconsideration of Weberian Theory*; Merton, Gray, Hockey and Selvin, *Reader in Bureaucracy*, (Glencoe, Ill., 1952), pp. 33-47.

³⁸ "The state is all in all. Everything is referred to the production of force; afterwards, everything is trusted to the use of it. It is military in its principles, in its maxims, in its spirit, in all its movements. The state has dominion and conquest for its sole objects; dominion over minds by proselytism, over bodies by arms." E. Burke, *Letters on a Regicide Peace, Works*, Vol. VI, (London, 1907), p. 204; also Montesquieu, *Esprit des Lois*, Livre VII, Ch. 1.

³⁹ Early Bolshevik conscription laws limited military service to "toilers" and those "who do not exploit the labor of another." H. J. Berman and M. Kerner, *Soviet Military Law and Administration*, (Cambridge, 1955), p. 35.

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In such an environment military rank is an official index of militant belief.⁴⁰ The structures of the party, army and state coincide. Rank is distributed according to the degree that the individual assimilates the official ideology in his attitudes and behavior; insubordination is defined as a display of independent personal existence.

The self image of ideological equality leadership is that of charisma.⁴¹ The leader is the personification of the outlook and aspirations of his ideological following, the mouthpiece of the doctrine in action. As a "natural" leader and the incarnation of the faith, the member of the ideological equality elite contrasts most sharply with the open equality expert. The latter's authority is dependent upon some external display, the mastery of some objective instrument or technique. It is possible, therefore, for such an expert to survive operational disasters; provided that he can convince his political superiors that failure was caused not by his technical incompetence but rather by the lack of the necessary instruments or by restrictions on his use of them.⁴²

Failure, on the other hand, is inadmissible for the ideological equality leader. His competence and his authority must find their complete expression within the limits of his command. Since he is assumed to be the personification of a specific collective will, he must be a figure of undiluted omnipotence. The military leader as charismatic is committed to success.⁴³ The

⁴⁰ At the outbreak of hostilities, ideological equality leaders put on the uniform and the organizational rank of commander-in-chief of the armed forces. Open equality leaders merely take on a more intensified exercise of their functions. Cf. Hitler, Stalin, Churchill, and Roosevelt.

⁴¹ The term *charisma* is not here employed in the strict Weberian sense of "inner determination and inner restraint." Rather it is used in terms of its political vulgarization. It is the role of the faithful "to provide a following for the dictator with which he can identify himself." So long as it fits the needs and desires of both party and leader, the charismatic illusion, thus invoked, is accepted as a pure and active, spiritual force. Cf. Max Weber, *Essays in Sociology*, (London, 1948), pp. 245-50; C. J. Friedrich and Z. K. Brzezinski, *Totalitarian Dictatorship and Authority*, (Cambridge, 1956), pp. 23-26, 29.

⁴² Vide the arguments of MacArthur, an ideological equality type leader employed in an open equality setting.

⁴³ "The soldier of the wars of Liberty attached an almost superstitious importance to the carrying out of the smallest order. As a result of this he felt no pity for the generals or officers whom he saw guillotined after a defeat on the charge of dereliction of duty; . . . in his eyes failure could only be explained by some grave error on the part of his leaders . . ."

"It is not difficult to see that this same spirit is met with in strikes; the beaten workmen are convinced that their failure is due to the base conduct of a few comrades who have not done all that might be expected of them; . . ."

validity of a belief and the legitimacy of a community hang on his career. Defeat, rather than jeopardizing the authority of the party and its beliefs (these two are considered identical) puts into question the validity of the leader's claims.⁴⁴

The ideological equality leader, as the voice and the incarnation of the community he heads, assumes full responsibility for its welfare. Since the accepted faith demands unanimity of belief and uniformity of behavior, the definition and enforcement of orthodoxy is a leadership function. The presence of the non-believer and the non-participant is regarded as a hostile act, and it is part of the duties of the leader to unmask and expel such individuals. True believers living outside the community are also his responsibility. It is the duty of the leader to enable them to live according to the fullness of the true faith. They are, therefore, regarded as fellow communicants imploring inclusion into and support by the totalitarian community. True leadership involves the recognition of the right of such petitioners to practice their beliefs openly and fully, and the willingness and capacity to bring this about.

The policy role of an ideological equality military organization is that of propagation, of extending the active application of the ideology so as to include all of its valid adherents. The latter are regarded as persecuted insofar as any part of their daily existence falls outside of the millenarian pattern of the party program. A community formed in the pattern of ideological equality is, therefore, a revolutionary and expanding one. It lends its support to all who adhere to its creed, and regards with hostility all those remaining unconverted. To the extent that it has borders, it is aggressive, and to the extent that it is aggressive, it sharpens its own ideological self-consciousness.

For an ideological equality army, therefore, inherited boundaries and international conventions have no validity. Established political norms are discarded in favor of the immediate possibilities of militant action. A community dedicated to the attain-

for the beaten masses, treason alone can explain the defeat of heroic troops; the sentiment, felt by all, of the thoroughness that must be brought to the accomplishment of their duties, will therefore be accompanied by many acts of violence." Georges Sorel, *Reflections on Violence*, trans. T. E. Hulme, (New York, 1941), p. 289.

⁴⁴ There is also the possibility that charismatic leaders will assert their followers to have been unworthy.

ment of its particular beatitude cannot consider itself bound by limitations stemming from the imperfect perceptions of unregenerate societies. Its actions are governed by the belief that only to it has the vision of a perfect community been given, and it has in that way been set apart from and over its neighbors. The process of organizing the ideal social order is inseparable from that of expanding it to the fullness of its perfection.

The army of ideological equality structure regards itself as the assembly of true believers. Its social model is a communal one: the open and equal association of all those who are brethren in faith.⁴⁵ This equalitarianism is strengthened by the belief that, in so far as the ideology is true, it is rational; and, in so far as man is a social animal, natural. The acts of the community, including warfare, are constructive and necessary. As opposed to the destructive, irrational and oppressive acts of non-totalitarian societies, totalitarian warfare is a force for education and public welfare.

Ideological equality mobilization is on that account total. The ranks of a closed equality military structure are in wartime filled out by those whose normal contribution to the society justifies a demand for extra service. Submarginal contributors in peacetime are obliged to pay for their membership in the commonwealth with a supplement of military duty. In an open equality structure, the enlisted ranks are filled by those whose technological relationship to society makes their contribution a necessity. As the normal and necessary constituents of any representative peacetime operation, their presence in the military machine is an essential guarantee of its effective operation. In an army of ideological equality structure, however, the unqualified drafting of the entire community is an assertion both of the justness of war and of the solidarity of its support. The full participation of the faithful is an unquestionable proof of the community's virtue.

The role of *social model* given to the concept of *community* stems from the belief the individual is a member to the degree that his personal traits incorporate the dominant ideology. Personality is acceptable only as a form of collective expression. On

⁴⁵ On "spiritual communion" in Nazi and proto-Nazi para-military organizations see, R. G. L. Waite, *Vanguard of Nazism*, Harvard Historical Studies, Vol. LX, (Cambridge, 1952), esp. pp. 33-57. Also, J. Schumpeter, *op. cit.*, p. 36ff., for the expression of this in early Islam.

this basis, equality admits of gradation: "some men are more equal than others," that is to say they represent progressively broader sections of the community. The gamut of community participation extends from those who barely escape being eliminated as "enemies of the people" to those who stand out as their very incarnation.

From this it follows that there is a premium on expressing personal motivations in policy terms. Conversely, once a policy has been officially adopted, members of the community are immediately obliged to accept it as a natural part of their character structure.⁴⁶ The declaration of war, then, assumes that all true believers are natural soldiers, already enrolled in their proper ranks, and that the army is an abstract term describing the total community engaged in an unavoidable act of self-expression and self-fulfillment.

Acts of war, like all other acts in a totalitarian community, are regarded as a natural expression of the common will. Leaders are accordingly regarded as a manifestation of that popular and invariably correct entity. Every command incorporates its proper slice of faith and reality. The two are, in fact, equated. The true commander is the successful one. The problem of centralized control is, then, difficult. Even if the highest leaders immediately assume the formal and personal command of all operations, there yet remains the problem of maintaining ascendancy over commanders whose authority is also assumed to be based on an inner voice which inevitably grows louder to the degree that they are successful.

Totalitarian movements harbor a strong antinomian component, particularly in their military aspects. True leadership is often regarded as the antithesis of conventional military procedures. The subjective requirements of the community are closer to reality than the objective science of the detached observer. A leader establishes himself as "natural" by demonstrating his ability to disregard and abolish professional restraints. Consequently, any attempt to "regularize" military command and to subject it to some sort of coordinating control is regarded as a plot to undermine the leader's claim to authority and to de-

⁴⁶ Soviet Lysenko genetics with its assertion that environment determines character is a facet of this belief. See Pamela Wrinch, *World Politics*, July 1951, "Science and Politics in USSR: the Genetics Debate," 486-519.

stroy the basis of his ascendancy. Centralized authority may come to represent a force actively and blindly opposed to the will and experience of those actually engaged in the struggle.⁴⁷

The ultimate resource of "high" command in such a situation is to take advantage of the personalized and clear-cut distinctions among its armed forces and to balance one group against another. Necessity, like equality, can in a totalitarian context admit of degree. All campaigns are vital to the state. Some, nevertheless, are more vital than others; they become decisive. Failure, of course, discredits a leader, particularly a subordinate one. Success in a given area, on the other hand, may be controlled by the official evaluation given to his front in the context of the community's struggle for self-fulfillment.⁴⁸ This process will involve a reassessment of past campaigns and a general proclamation of the vital points and decisive moments. As an instrument of analysis and of direct inference, the study of the past is essential to the waging of ideological controversy; the process of controlling a totalitarian elite involves the writing and rewriting of official history. The contribution of favored leaders or their precursors is stressed, that of their unsuccessful rivals minimized or denied.⁴⁹

The head of the totalitarian state, as the incarnation and the mouthpiece of common truth and knowledge, is in a position to control the authority and prestige of his subordinates. Possessing the power to define the ideology, both as dogma and as experience, he is in a position to determine the "real" importance of the achievements of the various communal sub-groups. Effective participation and consequently power in the communal effort depends upon the kind of recognition the supreme leader is willing to give.

⁴⁷ For a direct record of the conflict, see *Puritanism and Liberty, Being the Army Debates, 1647-9*, A. S. P. Woodhouse, ed., (London, 1938). This is not to assert that Puritanism was totalitarian; only that its militant ideology gave rise to certain symptoms of totalitarian conflict.

⁴⁸ "Membership in the wartime underground, once a badge of courage and honor, has become a stigma in Communist Poland. The heroes of the underground are never mentioned in the Communist press. . . . The ex-members of the underground are watched by the police and are denied promotion." I. Pool, *Satellite Generals*, (Stanford, 1955), p. 66.

⁴⁹ *Vide* the polemics on the specific civil war contributions of Stalin and Trotsky. Similarly the rewriting of World War II history following the death and demolition of Stalin. B. D. Wolfe, "Operation Rewrite: the Agony of Soviet Historians," *Foreign Affairs*, Vol. 31, No. 1, pp. 39-57.

Indoctrination within an ideological equality military structure, therefore, is carried out in terms of the organizational entities with the closest relationship to the ideological objectives of the war, its operational fronts and the armies assigned to them. These units are designated according to the area which it is their mission to liberate or defend: Leningrad Group, Army of the Rhine, etc. In much the same manner as citizens identify themselves with their communities and their leaders, ideological equality soldiers identify themselves with their operational units and their commanders.⁵⁰

The prestige of particular armies and particular operational fronts is, thus, the key factor in the integration of citizens into their military units. Theoretically an ideological army lacks a command elite.⁵¹ As true believers, its soldiers are already members of the elect. The community does not recognize specialists. For it, only the faithful exist. Distinctions of command are assumed to mark degrees of communal participation, not of professional aptitude.⁵² The orthodoxy and, therefore, the reward of a particular army is equated with the role of its leaders in the official account of the victories gained.

It is to the interest of every "follower", therefore, that the prestige and authority of his leader increase. Charismatic appeal translates itself into a political machine whose operator advertises his talents and achievements in order to attract and hold the most brilliant possible conglomerate of subordinates. The careers of the latter are indissolubly joined to his, and they ac-

⁵⁰ "Just as a peasant would say 'I am from Ryazan', a Soviet soldier maintains 'We are Rodimtsov's boys' or 'Zhukov's boys'; his local patriotism does not extend beyond the boundary of his region or his particular army front." Mikhail Koriakov, "The Military Atmosphere," in *The Soviet Army*, ed. B. H. Liddell Hart, (London, 1956), p. 413. A similar situation existed in the armies of the French Revolution.

⁵¹ The abolition of formal rank, or at least of its professional qualifications, is generally one of the first military acts of a totalitarian revolution. The science of war is reformulated in ideological terms. Adherence to the ideology bestows an over all proficiency.

⁵² "In the meanwhile, the General holds a wolf by the ears; an officer who has seen his troops, about 18,000 men (with a tremendous train of artillery), represents them as a black, daring, desperate crew of buccaneers, rather shocking than contemptible; the officers (scarcely a Gentleman among them), without servants, or horses, or baggage, lying higgledy piggledy on the ground with the common men, yet maintaining a rough kind of discipline over them. They already begin to accuse and even to suspect their General, and call aloud for blood and plunder. . . ." Edward Gibbon, *Letters*, Vol. II, ed. R. E. Prothero, (London, 1896), p. 332, November 10, 1792; re: French Army of the Alps.

quire honors in the degree that the leader's fame and authority spread.⁵³

Rivalry in this process is, thus, among competing leaders. External threats touch only on the general welfare; individual careers are determined by internal events. The personal threat comes from competing corporate segments within; in the case of the military, from rival armies. Ideological equality subordinates stand in greater fear of domestic denunciation than of enemy action. The violence of their efforts to remain aligned and identified with the orthodox line creates the dynamics of both the expansion and the dissolution of the totalitarian order.⁵⁴

CONCLUSIONS

The five types here described are meant to represent states of mind. It is not claimed that they correspond to actual organizational structures. They are states of mind equally open to soldier and civilian. Given the initial assumption of the relationship military force does or should have with the rest of the society, the remaining characteristics of social-military relationships follow through both formal and functional arguments. The military seek to promote social traits guaranteeing them organizational and operational stability, while civilians look for military standards which insure them an army which will guard, not undermine, their society.

The pure type is, of course, a weapon of the theorist. Its construction can proceed independently of the anachronisms and traditions which color the outlook of the martially and civilly committed, and which enable both to operate more or less effectively and simultaneously at several structural levels. An air power enthusiast may carry a swaggerstick into the cockpit, while the advocate of a professional military "brain" may put it to work on plans based exclusively on the offensive spirit and "elan". Colonial powers such as France and Great Britain may maintain two kinds of army, different both in organization and outlook, one for the homeland and the other for its overseas

⁵³ Cf. Napoleon and his marshals, Alexander and his companions, the attachment of the careers of Voroshilov and Budenny to that of Stalin.

⁵⁴ Cf. the Macedonian Diadochi, the split among the successors of Mohammed, Cromwell's major generals, the military leaders of the French Revolution: Hoche, Pichegru, Moreau, Bonaparte.

possessions. Competing service arms may attach themselves to conflicting social traditions. Such disparities are part of the description which precedes and illuminates analysis.

The analysis of such particulars may, moreover, by indicating areas where a conceptual strain exists, be helpful in the study of conflicts within military forces as well as those between civil and military authority. Political stability presupposes a general consensus among elites as to the role and composition they assume; military effectiveness, a general acknowledgement of the necessity of the broad features of doctrinal and disciplinary control. When through inherent contradiction or incomprehension these fail, when the legitimacy of leadership is denied or when the means and instruments of maintaining it are withheld, the alternatives are likely to be mutiny, sedition and revolt; within the organization, against the organization, or in the extreme setting of a civil war.

As to the theoretical implications of the described types, two final points may be made, one concerning their historical relevance, the other concerning their social function. The structures here analyzed are all ideal. The sequence adopted is rational, moving in descending order from the conditions under which formal military organizations have the most active role to those under which they have the least. The types of *external dominance* and of *ideological equality* represent the poles of social-military relationships. The former describes a situation in which all policy norms and relations are based on needs and practices which are military in the most narrow sense, the latter one in which all decisions flow from the needs and beliefs of the general and undifferentiated society. Both agree in refusing to recognize the rights of outsiders; the non-military in one case, and the non-communal in the other. In the sense of stoic natural law, then, they are equally without justice. For, to paraphrase St. Augustine: "What are imperial armies but small totalitarian communities, and what are totalitarian communities but great armies?"⁵⁵

Historically, *external dominance* theories have come into being when an ideological equality community has acquired a

⁵⁵ "If there be no justice, what are kingdoms but great robber bands? And what are robber bands but little kingdoms?" *The City of God*, Book IV, Chapter 4.

greater number of undesirable inhabitants than it can conveniently liquidate, when the sheer weight of numbers has made it impossible for the community of true belief to keep itself pure.⁶⁶ Accordingly, it has reorganized itself from the nation in arms into the civilizing imperial army; the totalizing ideology has become the higher civilization, the socially non-desirable have become members of an officially inferior class.⁶⁷ With the broadening of political representation the structure of military organization may move on further down the scale. A theory of social-military evolution may possibly be found in this.

The concept of a military organization as a pure type is also important as a source of social data. Organizational standards enter into the military climate of opinion as a means towards providing an intellectual and emotional setting for the elite; one consistent with their environment and aspirations. Translated into terms of morale they become ideals and stress aspects of military service considered to be either traditionally or currently glorious. The social and political role of an armed force is inherent in them.

The disparity between the ideal and the actual in military types may, then, be utilized in the examination of conflicts between military organizations and their social environment. The differences between the role concepts adopted by a given military group and those assigned to it by the over all social structure can serve as the basis for the determination of political realities and conflicts. In much the same manner as the stability of a social system can be described in terms of the acceptance of its ideals among its various component institutions,⁶⁸ the ideals of particular institutions, in this case the military, can be defined and examined for the sense in which they both reflect and express the values of their social setting. Conflicts can thus be determined not only in terms of the failure of the sovereign author-

⁶⁶ For two doctrinal efforts in this direction, one attempting to avoid the transformation, the other striving to justify it, see: W. W. Tarn, *Alexander the Great*, (Boston, 1956); V. I. Lenin, *The State and Revolution*, (New York, 1932).

⁶⁷ Macedonia, Islam, Napoleonic France and Soviet Russia may be taken as examples of this occurrence, the SS plans for Eastern Europe as an abortive effort.

⁶⁸ See, for example: Alexis de Tocqueville, *The Old Regime and the French Revolution*, (New York, 1955), and C. J. Friedrich, and Z. K. Brezezinski, op. cit.

ity to fit a vital governing instrument into the pattern of its particular objectives, but also in terms of the existence within such instrumental organizations of a system of ends and objectives at variance with or in opposition to those of the established order.

Lastly, the application of military ideal types to military actualities may shed some light on military policy at those points where it enters into the realm of political controversy. The relations between the potentialities of technique and the actuality of organization might thus be explained in a manner illustrating their applicability to specific objectives and situations, the limitations of specific military systems examined in terms of their necessary roles and missions, and policies involving the use of military organizations judged in terms of the capabilities of the available resources.

The states of mind encompassed by various types of armies, while never perhaps as systematic as the scheme here attempted, can be regarded as an integral part of the military as a functional system. For the purposes of social theory, they may be considered as forming the heart of that morale and opinion which so supreme a military dramatist as Napoleon regarded and demonstrated as making up the better part of the simulacrum of government and of the reality of war.⁵⁹

⁵⁹ *Maximes de Guerre et Pensées de Napoleon I*, ed. Chaplot, p. 230.

ARMS RACES: PREREQUISITES AND RESULTS

Samuel P. Huntington

INTRODUCTION

S'i vis pacem, para bellum, is an ancient and authoritative adage of military policy. Of no less acceptance, however, is the other, more modern, proposition: "Armaments races inevitably lead to war." Juxtaposed, these two advices suggest that the maxims of social science, like the proverbs of folklore, reflect a many-sided truth. The social scientist, however, cannot escape with so easy an observation. He has the scholar's responsibility to determine as fully as possible to what extent and under what conditions his conflicting truths are true. The principal aim of this essay is to attempt some resolution of the issue: When are arms races a prelude to war and when are they a substitute for war?

Throughout history states have sought to maintain their peace and security by means of military strength. The arms race in which the military preparations of two states are intimately and directly interrelated is, however, a relatively modern phenomenon. The conflict between the apparent feasibility of preserving peace by arming for war and the apparent inevitability of competitive arms increases resulting in war is, therefore, a comparatively new one. The second purpose of this essay is to explore some of the circumstances which have brought about this uncertainty as to the relationship between war, peace, and arms increases. The problem here is: What were the prerequisites to the emergence of the arms race as a significant form of international rivalry in the nineteenth and twentieth centuries?

For the purposes of this essay, an arms race is defined as a progressive, competitive peacetime increase in armaments by two states or coalition of states resulting from conflicting purposes or mutual fears. An arms race is thus a form of reciprocal interaction between two states or coalitions. A race cannot exist without an increase in arms, quantitatively or qualitatively, but every peacetime increase in arms is not necessarily the result of an arms race. A nation may expand its armaments for the domestic purposes of aiding industry or curbing unemployment, or

because it believes an absolute need exists for such an increase regardless of the actions of other states. In the 1880s and 1890s, for instance, the expansion of the United States Navy was apparently unrelated to the actions of any other power,¹ and hence not part of an arms race. An arms race reflects disagreement between two states as to the proper balance of power between them. The concept of a "general" arms race² in which a number of powers increase their armaments simultaneously is, consequently, a fallacious one. Such general increases either are not the result of self-conscious reciprocal interaction or are simply the sum of a number of two-state antagonisms. In so far as the arms policy of any one state is related to the armaments of other states, it is a function of concrete, specific goals, needs, or threats arising out of the political relations among the states. Even Britain's vaunted two-power naval standard will be found, on close analysis, to be rooted in specific threats rather than in abstract considerations of general policy.³

¹ See George T. Davis, *A Navy Second to None* (New York, 1940), pp. 48, 96-97. For elaboration of the distinction between absolute and relative arms goals, see below, pp. 15ff.

² See Quincy Wright, *A Study of War* (Chicago, 2 vols., 1942), II, 690.

³ Much nonsense has been written about the hoariness and continuity of the two-power standard. Thus, in 1910 Mahan declared that England could still maintain this standard as "simply a new definition of an old idea" which she had more or less consistently followed since the eighteenth century. *The Interest of America in International Conditions* (Boston, 1919), p. 112. England did, naturally, pursue a two-power standard during the existence of the Family Compact and down until Trafalgar. From that time on, however, until the 1880s, France had no potential naval allies, and British policy, consequently, was directed simply to the maintenance of a 50 per cent superiority over France. The only time when there was a significant move away from this "single-power standard" was immediately after the Crimean War when the likelihood of a Franco-Russian alliance caused the British to consider a two-power approach. The rapprochement between France and Russia did not become a reality until 1887, however, and in 1889 Lord George Hamilton formally proclaimed the two-power standard. After the entente with France in 1904, the destruction of the Russian fleet by Japan, and the expansion of the German navy, such a standard was obviously useless. Nonetheless, public opinion and pressure in Parliament forced ministers in the years immediately after 1905 ritualistically to proclaim their adherence to the sacred dogma. Actually, from 1908 on the goal of Admiralty policy was a 60 per cent superiority over Germany in Dreadnoughts, and in 1912 Churchill formally announced this standard to the Commons. Subsequently, after World War I British policy was to maintain at least parity in capital ships with the United States. Thus, throughout most of its recent history England has followed some standard other than the two-power standard, and in every case the standard which she did adopt arose directly from the nature of the most likely source of danger. See Arthur J. Marder, *The Anatomy of British Sea Power* (New York, 1940), pp. 105-116; E. L. Woodward, *Great Britain and the German Navy* (Oxford,

PREREQUISITES FOR AN ARMS RACE

Prior to 1789 certain antagonistic relationships among states did at times have some characteristics of the modern arms race. Such relationships, however, were exceptional, and they usually lacked many essential features of the modern type of race. Certain conditions peculiarly present in the nineteenth and twentieth centuries would appear to be responsible for the emergence of the arms race as a frequent and distinct form of international rivalry. Among the more significant of these conditions are: a state system which facilitates the balancing of power by internal rather than external means; the preëminence of military force-in-being over territory or other factors as an element of national power; the capacity within each state to increase its military strength through quantitative or qualitative means; and the conscious awareness by each state of the dependence of its own arms policy upon that of another state.⁴

Balancing Power: External and Internal Means. Arms races are an integral part of the international balance of power.⁵ From the viewpoint of a participant, an arms race is an effort to achieve a favorable international distribution of power. Viewed

1935), App. II; James Phinney Baxter, 3rd, *The Introduction of the Ironclad Warship* (Cambridge, 1933), p. 120; Richard Cobden, "Three Panics: An Historical Episode," *Political Writings* (London, 2 vols., 1867), II, 220, 308; The Cobden Club, *The Burden of Armaments* (London, 1905), pp. 66-68, 180-81.

⁴ Since an arms race is necessarily a matter of degree, differences of opinion will exist as to whether any given relationship constitutes an arms race and as to what are the precise opening and closing dates of any given arms race. At the risk of seeming arbitrary, the following relationships are assumed to be arms races for the purposes of this essay:

1. France v. England	naval	1840-1866
2. France v. Germany	land	1874-1894
3. England v. France & Russia	naval	1884-1904
4. Argentina v. Chile	naval	1890-1902
5. England v. Germany	naval	1898-1912
6. France v. Germany	land	1911-1914
7. England v. United States	naval	1916-1930
8. Japan v. United States	naval	1916-1922
9. France v. Germany	land	1934-1939
10. Soviet Union v. Germany	land	1934-1941
11. Germany v. England	air	1934-1939
12. United States v. Japan	naval	1934-1941
13. Soviet Union v. United States	nuclear	1946-

⁵ On the balance of power, see Carl J. Friedrich, *Foreign Policy in the Making* (New York, 1938), ch. 5; Hans J. Morgenthau, *Politics Among Nations* (New York, 2nd ed., 1954), pp. 155-203; Wright, *Study of War*, II, ch. 20; Ernst B. Haas, "Balance of Power: Prescription, Concept, or Propaganda," *World Politics*, V (July, 1953), pp. 442-77.

as a whole, a sustained arms race is a means of achieving a dynamic equilibrium of power between two states or coalitions of states. Arms races only take place between states in the same balance of power system. The more isolated a nation is from any balance of power system the less likely it is to become involved in an arms race. Within any such system, power may in general be balanced in two ways: externally through a realignment of the units participating in the system (diplomacy), or internally by changes in the inherent power of the units. The extent to which the balancing process operates through external or internal means usually depends upon the number of states participating in the system, the opportunity for new states to join the system, and the relative distribution of power among the participating states.

The relations among the states in a balance of power system may tend toward any one of three patterns, each of which assigns somewhat different roles to the external and internal means of balancing power. A situation of *bellum omnium contra omnes* exists when there are a large number of states approximately equal in power and when there is an approximately equal distribution of grievances and antagonisms among the states. In such a system, which was perhaps most closely approximated by the city-states of the Italian Renaissance, primary reliance is placed upon wily diplomacy, treachery, and surprise attack. Since no bilateral antagonisms continue for any length of time, a sustained arms race is very unlikely. A second balance of power pattern involves an all-against-one relationship: the coalition of a number of weaker states against a single *grande nation*. The fears and grievances of the weaker states are concentrated against the stronger, and here again primary reliance is placed upon diplomatic means of maintaining or restoring the balance. European politics assumed this pattern in the successive coalitions to restrain the Hapsburgs, Louis XIV, Frederick II, Napoleon, and Hitler. At times, efforts may be made to bring in other states normally outside the system to aid in restoring the balance.

A third pattern of balance of power politics involves bilateral antagonisms between states or coalitions of states roughly equal in strength. Such bilateral antagonisms have been a continuing

phenomenon in the western balance of power system: France *vs.* England, Austria *vs.* France and then Prussia (Germany) *vs.* France, Austria-Hungary *vs.* Russia, the Triple Alliance *vs.* the Triple Entente, and, now, the United States *vs.* the Soviet Union. In these relationships the principal grievances and antagonisms of any two states become concentrated upon each other, and, as a result, this antagonism becomes the primary focus of their respective foreign policies. In this situation, diplomacy and alliances may play a significant role if a "balancer" exists who can shift his weight to whichever side appears to be weaker. But no balancing state can exist if all the major powers are involved in bilateral antagonisms or if a single overriding antagonism forces virtually all the states in the system to choose one side or the other (bipolarization). In these circumstances, the balancing of power by rearranging the units of power becomes difficult. Diplomatic maneuvering gives way to the massing of military force. Each state relies more on armaments and less on alliances. Other factors being equal, the pressures toward an arms race are greatest when international relations assume this form.

In the past century the relative importance of the internal means of balancing power has tended to increase. A single worldwide balance of power system has tended to develop, thereby eliminating the possibility of bringing in outside powers to restore the balance. At the same time, however, the number of great powers has fairly constantly decreased, and bilateral antagonisms have consequently become of greater importance. Small powers have tended to seek security either through neutrality (Switzerland, Sweden) or through reliance upon broadly organized efforts at collective security. The growth of the latter idea has tended to make military alliances aimed at a specific common foe less reputable and justifiable. Thus, the history of South American politics in the nineteenth century reveals a pattern of constantly shifting alliances and ententes.⁶ In 1851, the expansion of Argentine power led Brazil and Uruguay into an alliance. A hundred years later, the Argentine-Brazilian balance of power was still a key element in South American poli-

⁶Robert N. Burr, "The Balance of Power in Nineteenth-Century South America: An Exploratory Essay," *Hispanic American Historical Review*, XXXV (February, 1955), pp. 37-60.

tics, but, with intra-American alliances discredited, the balance depended upon an equilibrium between Argentine and Brazilian military power.⁷ Alliances were perhaps the primary means of balancing power in Europe before 1870. Between 1870 and 1914, both alliances and armaments played important roles. Since 1918 the relative importance of armaments has probably increased. The primary purpose of the military pacts of the post-World War II period, with the possible exception of NATO, generally has been the extension of the protection of a great power to a series of minor powers, rather than the uniting of a number of more or less equal powers in pursuit of a common objective. In addition, the development of democratic control over foreign policy has made alliances more difficult. Alignments dictated by balance of power considerations may be impossible to carry out due to public opinion. Rapid shifts in alliances from friends to enemies also are difficult to execute in a democratic society. Perhaps, too, a decline in the arts of diplomacy has contributed to the desire to rest one's security upon resources which are "owned" rather than "pledged."⁸

Elements of Power: Money, Territory, Armaments. Arms races only take place when military forces-in-being are of direct and prime importance to the power of a state. During the age of mercantilism, for instance, monetary resources were highly valued as an index of power, and, consequently, governmental policy was directed toward the accumulation of economic wealth which could then be transformed into military and po-

⁷ Thus, Britain's sale to Brazil of South America's first aircraft carrier resulted in extended efforts by the Argentine navy to acquire one also. See *New York Times*, Dec. 23, 1956, p. 12, Dec. 30, 1956, p. 15; *New York Herald Tribune*, Dec. 30, 1956, p. 8, Jan. 4, 1957, p. 9.

⁸ In defending the proposed increase in the German army in 1893 against the charge that diplomacy could render this unnecessary, Caprivi, for instance, declared: "Since 1890 the situation has not become worse, but we cannot wait until it is too late. Bismarck was a great diplomatic authority but Bismarcks appear only once in a century and the army cannot expect that such geniuses will always guide Germany's foreign policy. Diplomacy alone cannot help. There was Frederick the Great whom almost all Europe had attacked in 1756, although he was considered as one of the best diplomatists of his day. There is an international race in armaments in Europe and no one can disarm. No power can fall behind the others in armaments; even a halt in the race would be equivalent to a partial disarmament." *Stenografische Berichte über die Verhandlungen des deutschen Reichstages 1871-1914*, CXXIX (1893), 2134-39, quoted in Arpad Kovacs, "Nation in Arms and Balance of Power: The Interaction of German Military Legislation and European Politics, 1866-1914" (Ph.D. Thesis, University of Chicago, 1934), p. 113.

litical power. These actions, which might take a variety of forms, were in some respects the seventeenth century equivalents of the nineteenth and twentieth century arms races.⁹ In the eighteenth century, territory was of key importance as a measure of power.¹⁰ The size of the armies which a state could maintain was roughly proportional to its population, and, in an agrarian age, its population was roughly proportional to its territory. Consequently, an increase in military power required an increase in territory. Within Europe, territory could be acquired either by conquest, in which case a surprise attack was probably desirable in order to forestall intervention by other states, or by agreement among the great powers to partition a smaller power. Outside of Europe, colonial territories might contribute wealth if not manpower to the mother country, and these could be acquired either by discovery and settlement or by conquest. Consequently, territorial compensations were a primary means of balancing power, and through the acquisition of colonies, states jealous of their relative power could strive to improve their position without directly challenging another major state and thereby provoking a war.

During the nineteenth century territory became less important as an index of power, and industry and armaments more important. By the end of the century all the available colonial lands had been occupied by the major powers. In addition, the rise of nationalism and of self-determination made it increasingly difficult to settle differences by the division and bartering of provinces, small powers, and colonies. By expanding its armaments, however, a state could still increase its relative power without decreasing the absolute power of another state. Reciprocal increases in armaments made possible an unstable and dynamic, but none the less real equilibrium among the major powers. The race for armaments tended to replace the race for colonies as the "escape hatch" through which major states could enhance their power without directly challenging each other.

The increased importance of armaments as a measure of na-

⁹ See Eli F. Heckscher, *Mercantilism* (London, 2 vols., 1931), II, pp. 31 ff.

¹⁰ See Wright, *Study of War*, II, p. 743, pp. 768-69; H. A. Smith, "The Problem of Disarmament in the Light of History," *International Affairs*, X (Sept., 1931), pp. 611-12.

tional power was reflected in the new emphasis upon disarmament in the efforts to resolve antagonisms among nations. The early peace writers, prior to the eighteenth century, placed primary stress upon a federation of European states rather than upon disarmament measures. It was not until Kant's essay on "Eternal Peace" that the dangers inherent in an arms race were emphasized, and the reduction of armaments made a primary goal.¹¹ In 1766 Austria made the first proposal for a bilateral reduction in forces to Frederick the Great, who rejected it. In 1787 France and England agreed not to increase their naval establishments. In 1816 the Czar made the first proposal for a general reduction in armaments. Thenceforth, throughout the nineteenth century problems of armament and disarmament played an increasingly significant role in diplomatic negotiations.¹²

Capacity for Qualitative and Quantitative Increases in Military Power. An arms race requires the progressive increase from domestic sources of the absolute military power of a state. This may be done quantitatively, by expanding the numerical strength of its existing forms of military force, or qualitatively, by replacing its existing forms of military force (usually weapons systems) with new and more effective forms of force. The latter requires a dynamic technology, and the former the social, political and economic capacity to reallocate resources from civilian to military purposes. Before the nineteenth century the European states possessed only a limited capacity for either quantitative or qualitative increases in military strength. Naval technology, for instance, had been virtually static for almost three centuries: the sailing ship of 1850 was not fundamentally different from that of 1650, the naval gun of 1860 not very much removed from that of 1560.¹³ As a result, the ratio of construction time to use time was extremely low: a ship built in a

¹¹ Hans Wehberg, *Limitation of Armaments* (Washington, 1921), pp. 5-6. Kant described the relation between arms races and war in the following terms: "Standing armies incessantly threaten other states with war by their readiness to be prepared for war. States are thus stimulated to outdo one another in number of armed men without limit. Through the expense thus occasioned peace finally becomes more burdensome than a brief war. These armies are thus the cause of wars of aggression, undertaken in order that this burden may be thrown off." Carl J. Friedrich, *Inevitable Peace* (Cambridge, 1948), pp. 246-47.

¹² Merze Tate, *The Disarmament Illusion* (New York, 1942), p. 7.

¹³ Bernard Brodie, *Sea Power in the Machine Age* (Princeton, 2nd ed., 1944), p. 181; Marder, *British Sea Power*, pp. 3-4.

few months could be used for the better part of a century. Similarly, with land armaments, progress was slow, and only rarely could a power hope to achieve a decisive edge by a "technological breakthrough." Beginning with the Industrial Revolution, however, the pace of innovation in military technology constantly quickened, and the new weapons systems inevitably stimulated arms races. The introduction, first, of the steam warship and then of the ironclad, for instance, directly intensified the naval competition between England and France in the 1850s and 1860s. Throughout the nineteenth century, the importance of the weapons technician constantly increased relative to the importance of the strategist.

Broad changes in economic and political structure were at the same time making quantitative arms races feasible. The social system of the *ancien regime* did not permit a full mobilization of the economic and manpower resources of a nation. So long as participation in war was limited to a small class, competitive increases in the size of armies could not proceed very far. The destruction of the old system, the spread of democracy and liberalism, the increasing popularity among all groups of the "nation in arms" concept, all permitted a much more complete mobilization of resources for military purposes than had been possible previously. In particular, the introduction of universal military service raised the ceiling on the size of the army to the point where the limiting factor was the civilian manpower necessary to support the army. In addition, the development of industry permitted the mass production and mass accumulation of the new weapons which the new technology had invented. The countries which lagged behind in the twin processes of democratization and industrialization were severely handicapped in the race for armaments.

In the age of limited wars little difference existed between a nation's military strength in peace and its military strength in war. During the nineteenth century, however, the impact of democracy and industrialism made wars more total, victory or defeat in them became more significant (and final), military superiority became more critically important, and consequently a government had to be more fully assured of the prospect of victory before embarking upon war. In addition, the profes-

sional officer corps which developed during the nineteenth century felt a direct responsibility for the military security of the state and emphasized the desirability of obtaining a safe superiority in armaments. As a result, unless one of the participants possessed extensive staying power due to geography or resources, the outcome of a war depended almost as much upon what happened before the declarations of war as after. By achieving superiority in armaments it might be possible for a state to achieve the fruits of war without suffering the risks and liabilities of war. Governments piled up armaments in peacetime with the hope either of averting war or of insuring success in it should it come.

Absolute and Relative Armaments Goals. A state may define its armaments goals in one of two ways. It can specify a certain *absolute* level or type of armaments which it believes necessary for it to possess irrespective of the level or type possessed by other states. Or, it can define its goal in *relative* terms as a function of the armaments of other states. Undoubtedly, in any specific case, a state's armaments reflect a combination of both absolute and relative considerations. Normally, however, one or the other will be dominant and embodied in official statements of the state's armaments goals in the form of an "absolute need" or a ratio-goal. Thus, historically Great Britain followed a relative policy with respect to the capital ships in its navy but an absolute policy with respect to its cruisers, the need for which, it was held, stemmed from the unique nature of the British Empire.¹⁴

If every state had absolute goals, arms races would be impossible: each state would go its separate way uninfluenced by the actions of its neighbors. Nor would a full scale arms race develop if an absolute goal were pursued consistently by only one power in an antagonistic relationship: whatever relative advantage the second power demanded would be simply a function of the constant absolute figure demanded by the first

¹⁴ Lord Goschen, First Lord of the Admiralty, for instance, declared in 1896: "The number of cruisers is based not upon a comparison of the number of cruisers other nations have, because their conditions are totally different from ours, but upon the question what we have to defend, what services will have to be performed, in what direction the food supply will have to be protected, and what resources we have." *Hansard*, XXXVII, 4th series, p. 1520, quoted in Cobden Club, *The Burden of Armaments*, p. 102.

power. An arms race only arises when two or more powers consciously determine the quantitative or qualitative aspects of their armaments as functions of the armaments of the other power. Absolute goals, however, are only really feasible when a state is not a member of or only on the periphery of a balance of power system. Except in these rare cases, the formulation by a state of its armaments goal in absolute terms is more likely to reflect the desire to obscure from its rivals the true relative superiority which it wishes to achieve or to obscure from itself the need to participate actively in the balancing process. Thus, its Army Law of 1893 was thought to give Germany a force which in quantity and quality would be unsurpassable by any other power. Hence Germany

was, in the eyes of her rulers, too powerful to be affected by a balancing movement restricted only to the continent. . . . From this time on Germany considered herself militarily invulnerable, as if in a state of splendid isolation, owing to the excellence of her amalgam army.¹⁵

As a result, Germany let her army rest, turned her energies to the construction of a navy, and then suddenly in 1911 became aware of her landpower inferiority to the Dual Alliance and had to make strenuous last minute efforts to increase the size of her forces. Somewhat similarly, states may define absolute qualitative goals, such as the erection of an impenetrable system of defenses (Maginot Line) or the possession of an "ultimate" or "absolute" weapon, which will render superfluous further military effort regardless of what other states may do. In 1956 American airpower policy was consciously shaped not to the achievement of any particular level of air strength relative to that of the Soviet Union, but rather to obtaining an absolute "sufficiency of airpower" which would permit the United States to wreak havoc in the Soviet Union in the event of an all-out war.¹⁶ The danger involved in an absolute policy is

¹⁵ Kovacs, "Nation in Arms," p. 159.

¹⁶ For the most complete statement of the sufficiency theory, see Donald A. Quarles, Secretary of the Air Force, "How Much is 'Enough'?" *Air Force*, XLIX (September, 1956), pp. 51-52: ". . . there comes a time in the course of increasing our airpower when we must make a determination of sufficiency.

"Sufficiency of airpower, to my mind, must be determined period by period

that, if carried to an extreme, it may lead to a complacent isolationism blind to the relative nature of power.

The armaments of two states can be functionally interrelated only if they are also similar or complementary. An arms race is impossible between a power which possesses only a navy and one which possesses only an army: no one can match divisions against battleships. A functional relationship between armaments is complementary when two military forces possessing different weapons systems are designed for combat with each other. In this sense, an air defense fighter command complements an opposing strategic bombing force or one side's submarine force complements the other's antisubmarine destroyers and hunter-killer groups. A functional relationship is similar when two military forces are not only designed for combat with each other but also possess similar weapons systems, as has been very largely the case with land armies and with battle fleets of capital ships. In most instances in history, arms races have involved similar forces rather than complementary forces, but no reason exists why there should not be an arms race in the latter. The only special problem posed by a complementary arms race is that of measuring the relative strengths of the opposing forces. In a race involving similar forces, a purely quantitative measurement usually suffices; in one of complementary forces, qualitative judgments are necessary as to the effectiveness of one type of weapons system against another.

Even if both parties to an arms race possess similar land, sea and air forces, normally the race itself is focused on only one of these components or even on only one weapons system within one component, usually that type of military force with which they are best able to harm each other.¹⁷ This component or weapons system is viewed by the states as the decisive form of military force in their mutual relationship, and competition in

on the basis of the force required to accomplish the mission assigned. . . . Neither side can hope by a mere margin of superiority in airplanes or other means of delivery of atomic weapons to escape the catastrophe of such a [total] war. Beyond a certain point, this prospect is not the result of *relative* strength of the two opposed forces. It is the *absolute* power in the hands of each, and in the substantial invulnerability of this power to interdiction."

See also H. Rept. 2104, 84th Cong., 2d Sess., p. 40 (1956).

¹⁷ Other things being equal, this will probably be the "dominant weapon" in Fuller's sense, that is, the weapon with the longest effective range. See J. F. C. Fuller, *Armament and History* (New York, 1945), pp. 7-8.

other forces or components is subordinated to the race in this decisive force. The simple principles of concentration and economy of force require states to put their major efforts where they will count most. The arms race between Germany and England before World War I was in capital ships. The arms race between the same two countries before World War II was in bombers and fighters. The current race between the Soviet Union and the United States has largely focused upon nuclear weapons and their means of delivery, and has not extended to the massing of conventional weapons and manpower. In general, economic considerations also preclude a state from becoming involved at the same time in two separate arms races with two different powers in two different forms of military force. When her race in land forces with France slackened in the middle 1890s, Germany embarked upon her naval race with Great Britain, and for the first decade of the twentieth century the requirements of this enterprise prevented any substantial increase in the size of the army. When the naval race in turn slackened in 1912, Germany returned to the rebuilding of her ground forces and to her military manpower race with France.

Two governments can consciously follow relative arms policies only if they are well informed of their respective military capabilities. The general availability of information concerning armaments is thus a precondition for an arms race. Prior to the nineteenth century when communication and transportation were slow and haphazard, a state would frequently have only the vaguest notions of the military programs of its potential rivals. Often it was possible for one state to make extensive secret preparations for war. In the modern world, information with respect to military capabilities has become much more widespread and has been one of the factors increasing the likelihood of arms races. Even now, however, many difficulties exist in getting information concerning the arms of a rival which is sufficiently accurate to serve as the basis for one's own policy. At times misconceptions as to the military strengths and policies of other states become deeply ingrained, and at other times governments simply choose to be blind to significant changes in armaments. Any modern government involved in an arms race, moreover, is confronted with conflicting estimates of its opponent's strength. Politicians,

governmental agencies and private groups all tend to give primary credit to intelligence estimates which confirm military policies which they have already espoused for other reasons. The armed services inevitably overstate the military capabilities of the opponent: in 1914, for instance, the Germans estimated the French army to have 121,000 more men than the German army, the French estimated the German army to have 134,000 more men than the French army, but both countries agreed in their estimates of the military forces of third powers.¹⁸ Governments anxious to reduce expenditures and taxes pooh-pooh warnings as to enemy strength: the reluctance of the Baldwin government to credit reports of the German air build-up seriously delayed British rearmament in the 1930s. At other times, exaggerated reports as to enemy forces may lead a government to take extraordinary measures which are subsequently revealed to have been unnecessary. Suspicions that the Germans were exceeding their announced program of naval construction led the English government in 1909 to authorize and construct four "contingency" Dreadnoughts. Subsequently revelations proved British fears to be groundless. Similarly, in 1956 reports of Soviet aircraft production, later asserted to be considerably exaggerated, influenced Congress to appropriate an extra \$900 million for the Air Force. At times, the sudden revelation of a considerable increase in an enemy's capabilities may produce a panic, such as the invasion panics of England in 1847-48, 1851-53, and 1859-61. The tense atmosphere of an arms race also tends to encourage reports of mysterious forces possessed by the opponent and of his development of secret new weapons of unprecedented power. Nonetheless, fragmentary and uncertain though information may be, its availability in one form or another is what makes the arms race possible.

ABORTIVE AND SUSTAINED ARMS RACES

An arms race may end in war, formal or informal agreement between the two states to call off the race, or victory for one state which achieves and maintains the distribution of power which it desires and ultimately causes its rival to give up the

¹⁸ Bernadotte E. Schmitt, *The Coming of the War: 1914* (New York, 2 vols., 1930), I, 54n.

struggle. The likelihood of war arising from an arms race depends in the first instance upon the relation between the power and grievances of one state to the power and grievances of the other. War is least likely when grievances are low, or, if grievances are high, the sum of the grievances and power of one state approximates the sum of the grievances and power of the other. An equality of power and an equality of grievances will thus reduce the chances of war, as will a situation in which one state has a marked superiority in power and the other in grievances. Assuming a fairly equal distribution of grievances, the likelihood of an arms race ending in war tends to vary inversely with the length of the arms race and directly with the extent to which it is quantitative rather than qualitative in character. This section deals with the first of these relationships and the next section with the second.

An arms race is a series of interrelated increases in armaments which if continued over a period of time produces a dynamic equilibrium of power between two states. A race in which this dynamic equilibrium fails to develop may be termed an abortive arms race. In these instances, the previously existing static equilibrium between the two states is disrupted without being replaced by a new equilibrium reflecting their relative competitive efforts in the race. Instead, rapid shifts take place or appear about to take place in the distribution of power which enhance the willingness of one state or the other to precipitate a conflict. At least one and sometimes two danger points occur at the beginning of every arms race. The first point arises with the response of the challenged state to the initial increases in armaments by the challenging state. The second danger point is the reaction of the challenger who has been successful in initially achieving his goal to the frantic belated efforts of the challenged state to retrieve its former position.

The formal beginning of an arms race is the first increase in armaments by one state—the challenger—caused by a desire to alter the existing balance of power between it and another state. Prior to this initial action, a pre-arms race static equilibrium may be said to exist. This equilibrium does not necessarily mean an equality of power. It simply reflects the satisfaction of each state with the existing distribution of power in the light of its griev-

ances and antagonisms with the other state. Some of the most stable equilibriums in history have also been ones which embodied an unbalance of power. From the middle of the eighteenth century down to the 1840s, a static equilibrium existed between the French and British navies in which the former was kept roughly two-thirds as strong as the latter. After the naval race of 1841-1865 when this ratio was challenged, the two powers returned to it for another twenty year period. From 1865 to 1884 both British and French naval expenditures were amazingly constant, England's expenditures varying between 9.5 and 10.5 million pounds (with the exception of the crisis years of 1876-77 when they reached 11 and 12 million pounds) and France's expenditures varying from 6.5 to 7.5 million pounds.¹⁹ In some instances the equilibrium may receive the formal sanction of a treaty such as the Washington arms agreement of 1922 or the treaty of Versailles. In each of these cases, the equilibrium lasted until 1934 when the two powers—Germany and Japan—who had been relegated to a lower level of armaments decided that continued inferiority was incompatible with their national goals and ambitions. In both cases, however, it was not the disparity of power in itself which caused the destruction of the equilibrium, but rather the fact that this disparity was unacceptable to the particular groups which assumed control of those countries in the early 1930s. In other instances, the static equilibrium may last for only a passing moment, as when France began reconstructing its army almost immediately after its defeat by Germany in 1871.

For the purposes of analysis it is necessary to specify a particular increase in armaments by one state as marking the formal beginning of the arms race. This is done not to pass judgment on the desirability or wisdom of the increase, but simply to identify the start of the action and reaction which constitute the race. In most instances, this initial challenge is not hard to locate. It normally involves a major change in the policy of the challenging state, and more likely than not it is formally announced to the world. The reasons for the challenging state's discontent with the status quo may stem from a variety of causes. It may feel that the growth of its economy, commerce, and population should be

¹⁹ See Cobden, "Three Panics," p. 308; Cobden Club, *Burden of Armaments*, pp. 66-68.

reflected in changes in the military balance of power (Germany, 1898; United States, 1916; Soviet Union, 1946). Nationalistic, bellicose, or militaristic individuals or parties may come to power who are unwilling to accept an equilibrium which other groups in their society had been willing to live with or negotiate about (Germany and Japan, 1934). New political issues may arise which cause a deterioration in the relationships of the state with another power and which consequently lead it to change its estimate of the arms balance necessary for its security (France, 1841, 1875; England, 1884).

Normally the challenging state sets a goal for itself which derives from the relation between the military strengths of the two countries prior to the race. If the relation was one of disparity, the initial challenge usually comes from the weaker power which aspires to parity or better. Conceivably a stronger power could initiate an arms race by deciding that it required an even higher ratio of superiority over the weaker power. But in actual practice this is seldom the case: the gain in security achieved in upping a 2:1 ratio to 3:1, for instance, rarely is worth the increased economic costs and political tensions. If parity of military power existed between the two countries, the arms race begins when one state determines that it requires military force superior to that of the other country.

In nine out of ten races the slogan of the challenging state is either "parity" or "superiority." Only in rare cases does the challenger aim for less than this, for unless equality or superiority is achieved, the arms race is hardly likely to be worthwhile. The most prominent exception to the "parity or superiority" rule is the Anglo-German naval race of 1898-1912. In its initial phase, German policy was directed not to the construction of a navy equal to England's but rather to something between that and the very minor navy which she possessed prior to the race. The rationale for building such a force was provided by Tirpitz's "risk theory": Germany should have a navy large enough so that Britain could not fight her without risking damage to the British navy to such an extent that it would fall prey to the naval forces of third powers (i.e., France and Russia). The fallacies in this policy became obvious in the following decade. On the one hand, for technical reasons it was unlikely that an inferior German navy

could do serious damage to a superior British fleet, and, on the other hand, instead of making Britain wary of France and Russia the expansion of the German navy tended to drive her into their arms and consequently to remove the hostile third powers who were supposed to pounce upon a Britain weakened by Germany.²⁰ One can only conclude that it is seldom worthwhile either for a superior power to attempt significantly to increase its superiority or for a weaker power to attempt only to reduce its degree of inferiority. The rational goals in an arms race are parity or superiority.

In many respects the most critical aspect of a race is the initial response which the challenged state makes to the new goals posited by the challenger. In general, these responses can be divided into four categories, two of which preserve the possibility of peace, two of which make war virtually inevitable. The challenged state may, first, attempt to counterbalance the increased armaments of its rival through diplomatic means or it may, secondly, immediately increase its own armaments in an effort to maintain or directly to restore the previously existing balance of military power. While neither of these responses guarantees the maintenance of peace, they at least do not precipitate war. The diplomatic avenue of action, if it exists, is generally the preferred one. It may be necessary, however, for the state to enhance its own armaments as well as attempting to secure reliable allies. Or, if alliances are impossible or undesirable for reasons of state policy, the challenged state must rely upon its own increases in armaments as the way of achieving its goal. In this case a sustained arms race is likely to result. During her period of splendid isolation, for instance, England met the French naval challenge of the 1840s by increasing the size and effectiveness of her own navy. At the end of the century when confronted by the Russo-French challenge, she both increased her navy and made tentative unsuccessful efforts to form an alliance with Germany. In response to the German challenge a decade later, she again increased her navy and also arrived at a rapprochement with France and Russia.

²⁰ For the risk theory, see Alfred von Tirpitz, *My Memoirs* (New York, 2 vols., 1919), I, pp. 79, 84, 121, 159-160, and for a trenchant criticism, Woodward, *Great Britain and the German Navy*, pp. 31-39.

If new alliances or increased armaments appear impossible or undesirable, a state which sees its superiority or equality in military power menaced by the actions of another state may initiate preventive action while still strong enough to forestall the change in the balance of power. The factors which enter into the decision to wage preventive war are complex and intangible, but, conceivably, if the state had no diplomatic opportunities and if it was dubious of its ability to hold its own in an arms race, this might well be a rational course of behavior.²¹ Tirpitz explicitly recognized this in his concept of a "danger zone" through which the German navy would pass and during which a strong likelihood would exist that the British would take preventive action to destroy the German fleet. Such an attack might be avoided, he felt, by a German diplomatic "peace offensive" designed to calm British fears and to assure them of the harmless character of German intentions. Throughout the decade after 1898 the Germans suffered periodic scares of an imminent British attack. Although preventive action was never seriously considered by the British government, enough talk went on in high British circles of "Copenhagening" the German fleet to give the Germans some cause for alarm.²² In the "war in sight" crisis of 1875, the initial success of French rearmament efforts aimed at restoring an equality of military power with Germany stimulated German statesmen and military leaders carefully to consider the desirability of preventive war. Similarly, the actions of the Nazis in overthrowing the restrictions of the Treaty of Versailles in the early 1930s and starting the European arms build-up produced arguments in Poland and France favoring preventive war.²³ After World War II at the beginning of the arms race between the United States and the Soviet Union a small but articulate segment of opinion urged the United States to take preventive action before the Soviet Union developed nuclear weapons.²⁴ To a certain extent, the Japanese attack on the United States in 1941 can be consid-

²¹ On the considerations going into the waging of preventive war, see my "To Choose Peace or War," *United States Naval Institute Proceedings*, LXXXIII (April, 1957), pp. 360-62.

²² See Marder, *British Sea Power*, pp. 496ff.; Woodward, *Great Britain and the German Navy*, pp. 85-86; Alfred Vagts, *Defense and Diplomacy* (New York, 1956), pp. 295-96, 298-300.

²³ See Vagts, *Defense and Diplomacy*, pp. 310-11.

²⁴ See Huntington, *United States Naval Institute Proceedings*, LXXXIII, 363-66.

ered a preventive action designed to forestall the inevitable loss of Japanese naval superiority in the western Pacific which would have resulted from the two-ocean navy program begun by the United States in 1939. In 1956 the Egyptians began to rebuild their armaments from Soviet sources and thus to disturb the equilibrium which had existed with Israel since 1949. This development was undoubtedly one factor leading Israel to attack Egypt and thereby attempt to resolve at least some of the outstanding issues between them before the increase in Egyptian military power.

At the other extreme from preventive action, a challenged state simply may not make any immediate response to the upset of the existing balance of power. The challenger may then actually achieve or come close to achieving the new balance of military force which it considers necessary. In this event, roles are reversed, the challenged suddenly awakens to its weakened position and becomes the challenger, engaging in frantic and strenuous last-ditch efforts to restore the previously existing military ratio. In general, the likelihood of war increases just prior to a change in military superiority from one side to the other. If the challenged state averts this change by alliances or increased armaments, war is avoidable. On the other hand, the challenged state may precipitate war in order to prevent the change, or it may provoke war by allowing the change to take place and then attempting to undo it. In the latter case, the original challenger, having achieved parity or superiority, is in no mood or position to back down; the anxious efforts of its opponent to regain its military strength appear to be obvious war preparation; and consequently the original challenger normally will not hesitate to risk or provoke a war while it may still benefit from its recent gains.

Belated responses resulting in last-gasp arms races are most clearly seen in the French and British reactions to German rearmament in the 1930s. The coming-to-power of the Nazis and their subsequent rearmament efforts initially provoked little military response in France. In part, this reflected confidence in the qualitative superiority of the French army and the defensive strength of the Maginot Line. In part, too, it reflected the French political situation in which those groups most fearful of Nazi

Germany were generally those most opposed to large armies and militarism, while the usual right-wing supporters of the French army were those to whom Hitler appeared least dangerous. As a result, the French army and the War Ministry budget remained fairly constant between 1933 and 1936. Significant increases in French armaments were not made until 1937 and 1938, and the real French rearmament effort got under way in 1939. France proposed to spend more on armaments in that single year than the total of her expenditures during the preceding five years. By then, however, the five-to-one superiority in military effectives which she had possessed over Germany in 1933 had turned into a four-to-three inferiority.²⁵

Roughly the same process was going on with respect to the ratio between the British and German air forces. At the beginning of the 1930s the Royal Air Force, although a relatively small force, was undoubtedly much stronger than anything which the Germans had managed to create surreptitiously. During the period from 1934 to 1938, however, the strength of the RAF in comparison to the Luftwaffe steadily declined. In July 1934, Churchill warned Parliament that the German air force had then reached two-thirds the strength of the British Home Defense Air Force, and that if present and proposed programs were continued, the Germans would achieve parity by December 1935. Baldwin assured the Commons that Britain would maintain a fifty per cent superiority over Germany. Subsequently, however, Churchill's estimates proved to be more correct than those of the Government, and the air program had to be drastically increased in 1936 and 1937. By then, however, two years had been lost. In 1936 Germany achieved parity with Britain. In the spring of 1937 the Luftwaffe exceeded the RAF in first-line strength and reserves. By September 1938 it was almost twice as large as the RAF, and the production of aircraft in Germany was double that in England. The British vigorously pushed their efforts to make up for lost time: British aviation expenditures which had amounted to 16.8 million pounds in 1934-35 rose to 131.4 millions in 1937-38, and were budgeted at

²⁵ N. M. Sloutzki, *World Armaments Race, 1919-1939* (Geneva Studies, Vol. XII, No. 1, July 1941), pp. 45-46, 99-101. In 1933 the French army numbered approximately 508,000 men, the German army roughly 100,000. In 1939 the French army numbered 629,000 men, the German army 800-900,000.

242.7 millions for 1939-40. The Germans were now on top and the British the challengers moving to close the gap. The readiness of the Germans to go to war consequently was not unnatural. As far back as 1936, the British Joint Planning Staff had picked September 1939 as the most likely date for the beginning of a war because in the fall of 1939 Germany's armed strength would reach its peak in comparison with that of the allies. This forecast proved true on both points, and it was not until after the start of the war that the British began seriously to catch up with the head start of the Luftwaffe. British aircraft production first equalled that of the Germans in the spring of 1940.²⁸

A slightly different example of a belated, last minute arms race is found in the German-French and German-Russian competitions of 1911-1914. In this instance, deteriorating relations between the two countries led both to make strenuous efforts to increase their forces in a short time and enhanced the willingness of each to go to war. For a decade or more prior to 1911, German and French armaments had been relatively stable, and during the years 1908-1911 relations between the two countries had generally improved. The Agadir crisis of 1911 and the Balkan War of the following year stimulated the Germans to reconsider their armaments position. Fear of a Franco-Russian surprise attack and concern over the quantitative superiority of the French army led the Germans to make a moderate increase in their forces in 1912. In the spring of 1913 a much larger increase of 117,000 men was voted. Simultaneously, the French extended their term of military service from two to three years, thereby increasing their peacetime army by some 200,000 men. The Russians also had an extensive program of military reorganization under way. During the three year period 1911-14 the French army increased from 638,500 men to 846,000, and the German army from 626,732 to 806,026 men. If war had not broken out in 1914, the French would have been faced with an acute problem in maintaining a military balance with Germany. The population of France was about 39,000,000, that of Germany 65,000,000. During the

²⁸ The best sources on British air policy in the 1930s are Winston Churchill, *The Gathering Storm* (Boston, 1948), pp. 71-77, 110-129, 147-164, 225-238, and Sir John Slessor, *The Central Blue* (New York, 1957), chaps. 7 and 9. See also: Sloutzki, *World Armaments Race*, pp. 44-45; John F. Kennedy, *Why England Slept* (New York, 1940), pp. 188-89; Sir Leslie Hollis, *One Marine's Tale* (London, 1956), pp. 48-49.

twenty years prior to 1914 the French trained 82 per cent of their men liable for military service, the Germans 55 per cent of theirs. As a result, the two armies were approximately equal in size. If the Germans had continued to expand their army, the French inevitably would have fallen behind in the race: the extension of service in 1913 was a sign that they were reaching the limit of their manpower resources. Their alternatives would have been either to have provoked a war before Germany gained a decisive superiority, to have surrendered their goal of parity with Germany and with it any hope of retrieving Alsace-Lorraine, or to have stimulated further improvement of the military forces of their Russian ally and further expansion of the military forces of their British ally—perhaps putting pressure on Great Britain to institute universal military service. The Germans, on the other hand, felt themselves menaced by the reorganization of the Russian army. Already significantly outnumbered by the combined Franco-Russian armies, the Germans could hardly view with equanimity a significant increase in the efficiency of the Tsarist forces. Thus each side tended to see itself losing out in the arms race in the future and hence each side was more willing to risk a test of arms when the opportunity presented itself in 1914.

The danger of war is highest in the opening phases of an arms race, at which time the greatest elements of instability and uncertainty are present. If the challenged state neither resorts to preventive war nor fails to make an immediate response to the challenger's activities, a sustained arms race is likely to result with the probability of war decreasing as the initial action and counteraction fade into the past. Once the initial disturbances to the pre-arms race static equilibrium are surmounted, the reciprocal increases of the two states tend to produce a new, dynamic equilibrium reflecting their relative strength and participation in the race. In all probability, the relative military power of the two states in this dynamic equilibrium will fall somewhere between the previous status quo and the ratio-goal of the challenger. The sustained regularity of the increases in itself becomes an accepted and anticipated stabilizing factor in the relations between the two countries. A sustained quantitative race still may produce a war, but a greater likelihood exists that either the two states will arrive at a mutual accommodation reducing the political tensions

which started the race or that one state over the long haul will gradually but substantially achieve its objective while the other will accept defeat in the race if this does not damage its vital interests. Thus, a twenty-five year sporadic naval race between France and England ended in the middle 1860s when France gave up any serious effort to challenge the 3:2 ratio which England had demonstrated the will and the capacity to maintain. Similarly, the Anglo-German naval race slackened after 1912 when, despite failure to reach formal agreement, relations improved between the two countries and even Tirpitz acquiesced in the British 16:10 ratio in capital ships.²⁷ Britain also successfully maintained her two-power standard against France and Russia for twenty years until changes in the international scene ended her arms competition with those two powers. Germany and France successively increased their armies from the middle 1870s to the middle 1890s when tensions eased and the arms build-up in each country slackened. The incipient naval races among the United States, Britain, and Japan growing out of World War I were restricted by the Washington naval agreement; the ten-year cruiser competition between the United States and England ended in the London Treaty of 1930; and eventually the rise of more dangerous threats in the mid-1930s removed any remaining vestiges of Anglo-American naval rivalry. The twelve-year arms

²⁷ Some question might be raised as to whether the Anglo-German naval race ended before World War I or in World War I. It would appear, however, that the race was substantially over before the war began. The race went through two phases. During the first phase, 1898-1905, German policy was directed toward the construction of a "risk" navy. During the second phase, 1906-1912, the Anglo-French entente had removed the basis for a risk navy, and the introduction of the Dreadnought opened to the Germans the possibility of naval parity with Britain. By 1912, however, it was apparent to all that Britain had the will and the determination to maintain the 60 per cent superiority which she desired over Germany, and to lay "two keels for one" if this should be necessary. In addition, increased tension with France and Russia over Morocco and the Balkans turned German attention to her army. In 1912 Bethmann-Hollweg accepted as the basis for negotiation a British memorandum the first point of which was: "Fundamental. Naval superiority recognized as essential to Great Britain." Relations between the two countries generally improved between 1912 and 1914: they cooperated in their efforts to limit the Balkan wars of 1912-13 and in the spring of 1914 arrived at an agreement concerning the Baghdad railway and the Portuguese colonies. By June 1914 rivalry had abated to such an extent that the visit of a squadron of British battleships to Kiel became the occasion for warm expressions of friendship. "In a sense," as Bernadotte Schmitt says, "potential foes had become potential friends." *The Coming of the War: 1914*, I, pp. 72-73; Sidney B. Fay, *The Origins of the World War* (New York, 2 vols., 1928), I, pp. 299ff.; Tirpitz, *Memoirs*, I, pp. 271-72.

race between Chile and Argentina ended in 1902 with a comprehensive agreement between the two countries settling their boundary disputes and restricting their armaments. While generalizations are both difficult and dangerous, it would appear that a sustained arms race is much more likely to have a peaceful ending than a bloody one.

QUANTITATIVE AND QUALITATIVE ARMS RACES

A state may increase its military power quantitatively, by expanding the numerical strength of its existing military forces, or qualitatively, by replacing its existing forms of military force (normally weapons systems) with new and more effective forms of force. Expansion and innovation are thus possible characteristics of any arms race, and to some extent both are present in most races. Initially and fundamentally every arms race is quantitative in nature. The race begins when two states develop conflicting goals as to what should be the distribution of military power between them and give these goals explicit statement in quantitative ratios of the relative strengths which each hopes to achieve in the decisive form of military force. The formal start of the race is the decision of the challenger to upset the existing balance and to expand its forces quantitatively. If at some point in the race a qualitative change produces a new decisive form of military force, the quantitative goals of the two states still remain roughly the same. The relative balance of power which each state desires to achieve is independent of the specific weapons and forces which enter into the balance. Despite the underlying adherence of both states to their original ratio-goals, however, a complex qualitative race produced by rapid technological innovation is a very different phenomenon from a race which remains simply quantitative.

Probably the best examples of races which were primarily quantitative in nature are those between Germany and France between 1871 and 1914. The decisive element was the number of effectives each power maintained in its peacetime army and the number of reserves it could call to the colors in an emergency. Quantitative increases by one state invariably produced comparable increases by the other. The German army bill of 1880, for instance, added 25,000 men to the army and declared in its pre-

amble that "far-reaching military reforms had been carried out outside of Germany which cannot remain without influence upon the military power of the neighboring countries." These increases it was alleged would produce "too considerable a numerical superiority of the enemy's forces."²⁸ Again in 1887 Bismarck used Boulanger's agitation for an increase in the French army as a means of putting through an expansion of the German one. After the French reorganized their army in 1889 and drastically increased the proportion of young men liable to military service, the Germans added 20,000 men to their force in 1890. Three years later a still larger increase was made in the German army and justified by reference to recent French and Russian expansions. Similarly, the naval race of 1884-1905 between England, on the one hand, and France and Russia, on the other, was primarily quantitative in nature. Naval budgets and numerical strengths of the two sides tended to fluctuate in direct relation with each other.

A qualitative arms race is more complex than a quantitative one because at some point it involves the decision by one side to introduce a new weapons system or form of military force. Where the capacity for technological innovation exists, the natural tendency is for the arms race to become qualitative. The introduction of a new weapons system obviously is normally desirable from the viewpoint of the state which is behind in the quantitative race. The English-French naval rivalry of 1841-1865 grew out of the deteriorating relations between the two countries over Syria, Tahiti and Spain. Its first manifestation was quantitative: in 1841 the number of seamen in the French navy which for nearly a century had been about two-thirds the number in the British navy was suddenly increased so as to almost equal the British strength. Subsequently the large expansions which the French proposed to make in their dockyards, especially at Toulon, caused even Cobden to observe that "a serious effort seemed really to be made to rival us at sea."²⁹ The Anglo-French quantitative rivalry subsided with the departure of Louis Philippe in 1848, but shortly thereafter it resumed on a new qualitative level with the determination of Napoleon III to push the construction

²⁸ Kovacs, "Nation in Arms," p. 36.

²⁹ "Three Panics," p. 224.

of steam warships. The *Napoléon*, a screw propelled ship of the line of 92 guns, launched by the French in 1850 was significantly superior to anything the British could bring against it, until the *Agamemnon* was launched two years later. The alliance of the two countries in the Crimean War only temporarily suspended the naval race, and by 1858 the French had achieved parity with the British in fast screw ships of the line.³⁰ In that year the French had 114 fewer sailing vessels in their navy than they had in 1852, while the number of British sailing ships had declined only from 299 to 296. On the other hand, the British in 1852 had a superiority of 73 sailing ships of the line to 45 for the French. By 1858, however, both England and France had 29 steam ships of the line while England had an enhanced superiority of 35 to 10 in sailing ships. A head start in steam construction and conversion plus the concentration of effort on this program had enabled the French, who had been hopelessly outnumbered in the previously decisive form of naval power, to establish a rough parity in the new form. In view of the British determination to restore their quantitative superiority and the superior industrial resources at their disposal, however, parity could only be temporary. In 1861 the British had 53 screw battleships afloat and 14 building while the French had only 35 afloat and two building.³¹

By the time that the British had reestablished their superiority in steam warships, their opponents had brought forward another innovation which again threatened British control of the seas. The French laid down four ironclads in 1858 and two in 1859. The first was launched in November 1859 and the next in March 1860. The British launched their first ironclad in December 1860. The British program, however, was hampered by the Admiralty's insistence upon continuing to build wooden warships. The French stopped laying down wooden line of battle ships in 1856, yet the British, despite warnings that wooden walls were obsolete, continued building wooden ships down through 1860, and in 1861 the Admiralty brought in the largest request in its history for the purchase of timber.³² Meanwhile, in the fall of 1860 the French started a new construction program for ten more iron-

³⁰ Baxter, *Introduction of the Ironclad Warship*, p. 120.

³¹ Cobden, "Three Panics," pp. 304-08, 392-93.

³² *Ibid.*, pp. 343, 403; Robert G. Albion, *Forests and Sea Power* (Cambridge, 1926), p. 408.

clads to supplement the six they already had underway. The British learned of these projects in February 1861 and responded with a program to add nine new ironclads to their fleet. In May 1861, the French had a total of fifteen ironclads built or building, the British only seven. From 1860 until 1865 the French possessed superiority or parity with the British in ironclad warships. In February 1863, for instance, the French had four ironclads mounting 146 guns ready for action, the British four ironclads mounting 116 guns. Thanks to the genius and initiative of the director of French naval construction, Dupuy de Lôme, and the support of Napoleon III, there had occurred, as one British military historian put it,

an astonishing change in the balance of power which might have been epoch-making had it not been so brief, or if France and Britain had gone to war, a reversal which finds no place in any but technical histories and which is almost entirely unknown in either country to-day. In a word, supremacy at sea passed from Britain to France.³³

This was not a supremacy, however, which France could long maintain. By 1866, Britannia had retrieved the trident. In that year England possessed nineteen ironclads, France thirteen, and the English superiority was enhanced by heavier guns. Thereafter the naval strengths of the two powers resumed the 3:2 ratio which had existed prior to 1841.

In general, as this sequence of events indicates, technological innovation favors, at least temporarily, the numerically weaker power. Its long-run effects, however, depend upon factors other than the currently prevailing balance of military strength. It was indeed paradoxical that France should make the innovations which she did make in her naval race with England. In the 1850s and 1860s France normally had twice as much timber on hand in her dockyards as had the British, and she was, of course, inferior to England in her coal and iron resources. Nonetheless she led the way in the introduction of steam and iron, while the Royal Navy, which was acutely hampered by a timber shortage, clung to the wooden ships.³⁴ In this instance, on both sides, immediate

³³ Cyril Falls, *A Hundred Years of War* (London, 1953), p. 102.

³⁴ Albion, *Forests and Sea Power*, pp. 406-07; Brodie, *Sea Power in the Machine Age*, p. 441.

needs and the prospects of immediate success prevailed over a careful consideration of long-term benefits.

The problem which technological innovation presents to the quantitatively superior power is somewhat more complex. The natural tendencies for such a state are toward conservatism: any significant innovation will undermine the usefulness of the current type of weapons system in which it possesses a superiority. What, however, should be the policy of a superior power with respect to making a technological change which its inferior rivals are likely to make in the near future? The British navy had a traditional answer to this problem: never introduce any development which will render existing ships obsolete but be prepared if any other state does make an innovation to push ahead an emergency construction program which will restore the previously existing ratio.³⁵ While this policy resulted, as we have seen above, in some close shaves, by the beginning of the twentieth century it had become a fundamental maxim of British naval doctrine. Consequently, Sir John Fisher's proposal in 1904 to revolutionize naval construction by introducing the "all big gun ship" which would render existing capital ships obsolete was also a revolution in British policy. In terms of its impact upon the Anglo-German naval balance, Fisher's decision was welcomed by many Germans and condemned by many British.³⁶ Although the construction of Dreadnoughts would force Germany to enlarge the Kiel Canal, the Germans seized the opportunity to start the naval race afresh in a class of vessels in which the British did not have an overwhelming numerical superiority. For the first few years the British by virtue of their headstart would have a larger number of Dreadnoughts, but then the German yards would start producing and the gap which had to be closed would be much smaller in the Dreadnoughts than in the pre-Dreadnought battle ships. The introduction of the Dreadnought permitted the Germans to raise their sights from a "risk" navy (which had become meaningless since the Anglo-French entente

³⁵ For a classic statement of this position by the Surveyor of the Navy, Sir Baldwin Walker, in 1858, see Baxter, *Introduction of the Ironclad Warship*, pp. 116-17.

³⁶ On the introduction of the Dreadnought, see Marder, *Anatomy of British Sea Power*, ch. 27, and "Fisher and the Genesis of the Dreadnought," United States Naval Institute *Proceedings*, LXXXII (December, 1956), pp. 1309-1315; Woodward, *Great Britain and the German Navy*, ch. 5.

in any event) to the possibility of parity with Britain. To many Britishers, on the other hand, construction of the Dreadnought seemed to be tantamount to sinking voluntarily a large portion of the British navy. The tremendous number of pre-Dreadnought capital ships which the Royal Navy possessed suddenly decreased in value. Great Britain, one British naval expert subsequently argued, had to write off seventy-five warships, the Germans only twenty-eight. British naval superiority fell by 40 or 50 per cent: in 1908 England had authorized twelve Dreadnoughts and the Germans nine; in pre-Dreadnought battleships the British had 63 and the Germans 26.³⁷

Fisher's policy, however, was undoubtedly the correct one. Plans for an all-big-gun ship had been under consideration by various navies since 1903. The Russo-Japanese War underwrote the desirability of heavy armaments. The United States authorized the construction of two comparable vessels in March, 1905, and the Germans themselves were moving in that direction. The all-big-gun ship was inevitable, and this consideration led Fisher to insist that Britain must take the lead. While the superiority of the Royal Navy over the German fleet was significantly reduced, nonetheless at no time in the eight years after 1905 did the Germans approach the British in terms of numerical equality. Their highest point was in 1911 when their Dreadnought battle-ship and battle-cruiser strength amounted to 64 per cent of the British strength.³⁸ Thus, by reversing the nineteenth century policy of the British navy, Fisher avoided the British experience of the 1850s and 1860s when technological innovations by an inferior power temporarily suspended Britain's supremacy on the seas.

The very incentive which an inferior power has to make a technological innovation is reason for the superior power to take the lead, if it can, in bringing in the innovation itself. The British Dreadnought debate of 1904-05 had its parallels in the problem confronting the American government in 1949-1950 concerning the construction of a hydrogen bomb. Like the British, the Americans possessed a superiority in the existing decisive type

³⁷ Hector C. Bywater, *Navies and Nations* (London, 1927), pp. 27-28; Fay, *Origins of the World War*, I, p. 236.

³⁸ I am indebted to a paper by Mr. Peter E. Weil on "The Dreadnought and the Anglo-German Naval Race, 1905-1909" for statistics on British and German naval strengths.

of weapons system. As in the British government, opinion was divided, and the arguments pro and con of the technicians and military experts had to be weighed against budgetary considerations. As with the Dreadnought, the new weapons system was pushed by a small group of zealots convinced of the inevitability and necessity of its development. In both cases, humanitarian statesmen and conservative experts wished to go slow. In each case, the government eventually decided to proceed with the innovation, and, in each case, the wisdom of its policy was demonstrated by the subsequent actions of its rival. In an arms race, what is technically possible tends to become politically necessary.

Whether an arms race is primarily quantitative or primarily qualitative in nature has a determining influence upon its outcome. This influence is manifested in the different impacts which the two types of races have on the balance of military power between the two states and on the relative demands which they make on state resources.

Qualitative and Quantitative Races and the Balance of Power. In a simple quantitative race one state is very likely to develop a definite superiority in the long run. The issue is simply who has the greater determination and the greater resources. Once a state falls significantly behind, it is most unlikely that it will ever be able to overcome the lead of its rival. A qualitative race, on the other hand, in which there is a series of major technological innovations in reality consists of a number of distinct races. Each time a new weapons system is introduced a new race takes place in the development and accumulation of that weapon. As the rate of technological innovation increases each separate component race decreases in time and extent. The simple quantitative race is like a marathon of undetermined distance which can only end with the exhaustion of one state or both, or with the state which is about to fall behind in the race pulling out its firearms and attempting to despatch its rival. The qualitative race, on the other hand, resembles a series of hundred yard dashes, each beginning from a fresh starting line. Consequently, in a qualitative race hope springs anew with each phase. Quantitative superiority is the product of effort, energy, resources, and time. Once achieved it is rarely lost. Qualitative superiority is the product of discovery, luck, and circumstance. Once achieved it is always

lost. Safety exists only in numbers. While a quantitative race tends to produce inequality between the two competing powers, a qualitative race tends toward equality irrespective of what may be the ratio-goals of the two rival states. Each new weapon instead of increasing the distance between the two states reduces it. The more rapid the rate of innovation the more pronounced is the tendency toward equality. Prior to 1905, for instance, Great Britain possessed a superiority in pre-Dreadnought battleships. By 1912 she had also established a clear and unassailable superiority in Dreadnoughts over Germany. But if Germany had introduced a super-Dreadnought in 1909, Great Britain could never have established its clear superiority in Dreadnoughts. She would have had to start over again in the new race. A rapid rate of innovation means that arms races are always beginning, never ending. In so far as the likelihood of war is decreased by the existence of an equality of power between rival states, a qualitative arms race tends to have this result. A quantitative arms race, on the other hand, tends to have the opposite effect. If in a qualitative race one power stopped technological innovation and instead shifted its resources to the multiplication of existing weapons systems, this would be a fairly clear sign that it was intending to go to war in the immediate future.

Undoubtedly many will question the proposition that rapid technological innovation tends to produce an equality of power. In an arms race each state lives in constant fear that its opponent will score a "technological breakthrough" and achieve a decisive qualitative superiority. This anxiety is a continuing feature of arms races but it is one which has virtually no basis in recent experience. The tendency toward simultaneity of innovation is overwhelming. Prior to World War I simultaneity was primarily the result of the common pool of knowledge among the advanced nations with respect to weapons technology. The development of weapons was largely the province of private firms who made their wares available to any state which was interested. As a result at any given time the armaments of the major powers all strikingly resembled one another.³⁹ During and after World

³⁹ See Victor Lefebure, "The Decisive Aggressive Value of the New Agencies of War," in *The Inter-Parliamentary Union, What Would Be the Character of a New War?* (New York, 1933), pp. 97-101. See also Marion W. Boggis, *Attempts to Define and Limit 'Aggressive' Armament in Diplomacy and*

War I military research and development became more and more a governmental activity, and, as a result, more and more enshrouded in secrecy. Nonetheless relative equality in technological innovation continued among the major powers. The reason for this was now not so much access to common knowledge as an equal ability and opportunity to develop that knowledge. The logic of scientific development is such that separate groups of men working in separate laboratories on the same problem are likely to arrive at the same answer to the problem at about the same time. Even if this were not the case, the greatly increased ratio of production time to use time in recent years has tended to diminish the opportunity of the power which has pioneered an innovation to produce it in sufficient quantity in sufficient time to be militarily decisive. When it takes several years to move a weapons system from original design to quantity operation, knowledge of it is bound to leak out, and the second power in the arms race will be able to get its own program under way before the first state can capitalize on its lead. The *Merrimac* reigned supreme for a day, but it was only for a day and it could be only for a day.

The fact that for four years from 1945 to 1949 the United States possessed a marked qualitative superiority over the Soviet Union has tended to obscure how rare this event normally is. American superiority, however, was fundamentally the result of carrying over into a new competitive rivalry a weapons system which had been developed in a previous conflict. In the latter rivalry the tendency toward simultaneity of development soon manifested itself. The Soviet Union developed an atomic bomb four years after the United States had done so. Soviet explosion of a hydrogen weapon lagged only ten months behind that of the United States. At a still later date in the arms race, both powers in 1957 were neck and neck in their efforts to develop long-range ballistic missiles.

The ending of an arms race in a distinct quantitative victory for one side is perhaps best exemplified in the success of the

Strategy (Columbia, Mo., 1941), p. 76: "... the history of war inventions tends to emphasize the slowness and distinctively international character of peacetime improvements; no weapon has been perfected with secrecy and rapidity as the exclusive national property of any one state. At an early stage all nations secure access to the information, and develop not only the armament, but measures against it."

British in maintaining their supremacy on the seas. Three times within the course of a hundred years the British were challenged by continental rivals, and three times the British outbuilt their competitors. In each case, also, implicitly or explicitly, the bested rivals recognized their defeat and abandoned their efforts to challenge the resources, skill and determination of the British. At this point in a quantitative race when it appears that one power is establishing its superiority over the other, proposals are frequently brought forward for some sort of "disarmament" agreement. These are as likely to come from the superior side as from the inferior one. The stronger power desires to clothe its *de facto* supremacy in *de jure* acceptance and legitimacy so that it may slacken its own arms efforts. From 1905 to 1912, for instance, virtually all the initiatives for Anglo-German naval agreement came from the British. Quite properly, the Germans regarded those advances as British efforts to compel "naval competition to cease at the moment of its own greatest preponderance." Such proposals only heightened German suspicion and bitterness.⁴⁰ Similarly, after World War II the Soviet Union naturally described the American nuclear disarmament proposal as a device to prevent the Soviet Union from developing its own nuclear capability. A decade later a greater common interest existed between the Soviet Union and the United States in reaching an arms agreement which would permanently exclude "fourth powers" from the exclusive nuclear club. In disarmament discussions the superior power commonly attempts to persuade the inferior one to accept as permanent the existing ratio of strength, or, failing in this effort, the superior power proposes a temporary suspension of the race, a "holiday" during which period neither power will increase its armaments. In 1899 the Russians, with the largest army in Europe, proposed that for five years no increases be made in military budgets. In 1912-14 Churchill repeatedly suggested the desirability of a naval building holiday to the Germans who were quite unable to perceive its advantages. In 1936 the United States could easily agree to a six year holiday in 10,000 ton cruisers since it had already underway all the cruisers it was permitted by the London Treaty of 1930. Simi-

⁴⁰ These reached a peak at the Hague Conference of 1907, the Germans viewing the British proposals at that time as "a scheme to arrest naval development." Fay, *Origins of the World War*, I, p. 233f., pp. 238-39.

larly, in its 1957 negotiations with the Soviet Union the United States could also safely propose an end to the production of nuclear weapons. The inferior participant in disarmament negotiations, on the other hand, inevitably supports measures based not upon the existing situation but either upon the abstract principle of "parity" or upon the inherent evil of large armaments as such and the desirability of reducing all arms down to a common low level. Thus, in most instances, a disarmament proposal is simply a maneuver in the arms race: the attempt by a state to achieve the ratio-goal it desires by means other than an increase in its armaments.

The Domestic Burden of Quantitative and Qualitative Races. Quantitative and qualitative arms races have markedly different effects upon the countries participating in them. In a quantitative race the decisive ratio is between the resources which a nation devotes to military purposes and those which it devotes to civilian ones. A quantitative race of any intensity requires a steady shift of resources from the latter to the former. As the forms of military force are multiplied a larger and larger proportion of the national product is devoted to the purposes of the race, and, if it is a race in military manpower, an increasing proportion of the population serves a longer and longer time in the armed forces. A quantitative race of any duration thus imposes ever increasing burdens upon the countries involved in it. As a result, it becomes necessary for governments to resort to various means of stimulating popular support and eliciting a willingness to sacrifice other goods and values. Enthusiasm is mobilized, hostility aroused and directed against the potential enemy. Suspicion and fear multiply with the armaments. Such was the result of the quantitative races between the Triple Alliance and the Triple Entente between 1907 and 1914:

In both groups of powers there was a rapid increase of military and naval armaments. This caused increasing suspicions, fears, and newspaper recriminations in the opposite camp. This in turn led to more armaments; and so to the vicious circle of ever growing war preparations and mutual fears and suspicions.⁴¹

Eventually a time is reached when the increasing costs and ten-

⁴¹ Fay, *Origins of the World War*, I, p. 226.

sions of a continued arms race seem worse than the costs and the risks of war. Public opinion once aroused cannot be quieted. The economic, military and psychological pressures previously generated permit only further expansion or conflict. The extent to which an arms race is likely to lead to war thus varies with the burdens it imposes on the peoples and the extent to which it involves them psychologically and emotionally in the race. Prolonged sufficiently, a quantitative race must necessarily reach a point where opinion in one country or the other will demand that it be ended, if not by negotiation, then by war. The logical result of a quantitative arms race is a "nation in arms," and a nation in arms for any length of time must be a nation at war.

A qualitative arms race, however, does not have this effect. In such a race the essential relationship is not between the military and the civilian, but rather between the old and the new forms of military force. In a quantitative race the principal policy issue is the extent to which resources and manpower should be diverted from civilian to military use. In a qualitative race, the principal issue is the extent to which the new weapons systems should replace the old "conventional" ones. In a quantitative race the key question is "How much?" In a qualitative race, it is "How soon?" A quantitative race requires continuous expansion of military resources, a qualitative race continuous redeployment of them. A qualitative race does not normally increase arms budgets, even when, as usually happens, the new forms of military force are more expensive than the old ones. The costs of a qualitative race only increase significantly when an effort is made to maintain both old and new forms of military force: steam and sail; ironclads and wooden walls; nuclear and nonnuclear weapons. Transitions from old to new weapons systems have not normally been accompanied by marked increases in military expenditures. During the decade in which the ironclad replaced the wooden ship of the line British naval expenditures declined from £12,779,000 in 1859 to less than eleven million pounds in 1867.⁴² Similarly, the five years after the introduction of the Dreadnought saw British naval expenditures drop from £35,476,000 in 1903-04 to £32,188,000 in 1908-09. During the same period estimates for shipbuilding and repairs dropped from

⁴² See Baxter, *Introduction of the Ironclad Warship*, p. 321.

£17,350,000 to £14,313,900. The years 1953-1956 saw the progressive adoption of nuclear weapons in the American armed forces, yet military budgets during this period at first dropped considerably and then recovered only slightly, as the increased expenditures for the new weapons were more than compensated for by reductions in expenditures for nonnuclear forces.

Quantitative and qualitative arms races differ also in the interests they mobilize and the leadership they stimulate. In the long run, a quantitative race makes extensive demands on a broad segment of the population. A qualitative race, however, tends to be a competition of elites rather than masses. No need exists for the bulk of the population to become directly involved. In a quantitative arms race, the users of the weapons—the military leaders—assume the key role. In a qualitative race, the creators of the weapons—the scientists—rival them for preëminence. Similarly, the most important private interests in a quantitative race are the large mass production industrial corporations, while in a qualitative race they tend to be the smaller firms specializing in the innovation and development of weapons systems rather than in their mass output.

While the rising costs of a quantitative race may increase the likelihood of war, they may also enhance efforts to end the race by means of an arms agreement. Undoubtedly the most powerful motive (prior to the feasibility of utter annihilation) leading states to arms limitations has been the economic one. The desire for economy was an important factor leading Louis Philippe to propose a general reduction in European armaments in 1831. In the 1860s similar motives stimulated Napoleon III to push disarmament plans. They also prompted various British governments to be receptive to arms limitation proposals, provided, of course, that they did not endanger Britain's supremacy on the seas: the advent of the Liberal government in 1905, for instance, resulted in renewed efforts to reach accommodation with the Germans. In 1898 the troubled state of Russian finances was largely responsible for the Tsar's surprise move in sponsoring the first Hague Conference. Eight years later it was the British who, for economic reasons, wished to include the question of arms limitation on the agenda of the second Hague Conference.

The success of rising economic costs in bringing about the

negotiated end of an arms race depends upon their incidence being relatively equal on each participant. A state which is well able to bear the economic burden normally spurns the efforts of weaker powers to call off the race. Thus, the Kaiser was scornful of the Russian economic debility which led to the proposal for the first Hague Conference, and a German delegate to that conference, in explaining German opposition to limitation, took pains to assure the participants that:

The German people are not crushed beneath the weight of expenditures and taxes; they are not hanging on the edge of the precipice; they are not hastening towards exhaustion and ruin. Quite the contrary; public and private wealth is increasing, the general welfare, and standard of life, are rising from year to year.⁴³

On the other hand, the relatively equal burdens of their arms race in the last decade of the nineteenth century eventually forced Argentina and Chile to call the race off in 1902. The victory of Chile in the War of the Pacific had brought her into conflict with an "expanding and prosperous Argentina" in the 1880s, and a whole series of boundary disputes exacerbated the rivalry which developed between the two powers for hegemony on the South American continent.⁴⁴ As a result, after 1892 both countries consistently expanded their military and naval forces, and relations between them staggered from one war crisis to another. Despite efforts made to arbitrate the boundary disputes, an uneasy feeling still prevailed that hostilities might break out, and neither State made any pretence of stopping military and naval preparations. Orders for arms, ammunition, and warships were not countermanded, and men on both sides of the Andes began to declaim strongly against the heavy expenditure thus entailed. The reply to such remonstrances invariably was that until the question of the boundary was settled, it was necessary to maintain both powers on a war footing. Thus the resources of Argentina and Chile were strained to the utmost, and public works neglected in order that funds might be forthcoming to pay for guns and ships bought in Europe.⁴⁵

These economic burdens led the presidents of the two countries

⁴³ Quoted in Tate, *Disarmament Illusion*, p. 281. See also pp. 193-94, 251-52.

⁴⁴ Burr, *Hispanic American Historical Review*, XXXV, p. 56.

⁴⁵ Charles E. Akers, *A History of South America* (New York, new ed., 1930), p. 112.

to arrive at an agreement in 1899 restricting additional expenditures on armaments. Two years later, however, the boundary issue again flared up, and both sides recommenced preparations for war. But again the resources of the countries were taxed beyond their limit. In August 1901 the Chilean president declared to the United States minister "that the burden which Chile is carrying . . . is abnormal and beyond her capacity and that the hour has come to either make use of her armaments or reduce them to the lowest level compatible with the dignity and safety of the country."⁴⁶ Argentina was also suffering from severe economic strain, and as a result, the two countries concluded their famous *Pactos de Mayo* in 1902 which limited their naval armaments and provided for the arbitration of the remaining boundary issues.

In summary, two general conclusions emerge as to the relations between arms races and war:

(1) War is more likely to develop in the early phases of an arms race than in its later phases.

(2) A quantitative race is more likely than a qualitative one to come to a definite end in war, arms agreement, or victory for one side.

ARMS RACES, DISARMAMENT, AND PEACE

In discussions of disarmament, a distinction has frequently been drawn between the presumably technical problem of arms limitation, on the one hand, and political problems, on the other. Considerable energy has been devoted to arguments as to whether it is necessary to settle political issues before disarming or whether disarmament is a prerequisite to the settlement of political issues. The distinction between arms limitation and politics, however, is a fallacious one. The achievement of an arms agreement cannot be made an end in itself. Arms limitation is the essence of politics and inseparable from other political issues. What, indeed, is more political than the relative balance of power between two distinct entities? Whether they be political parties competing for votes, lobbyists lining up legislative blocs, or states piling up armaments, the power ratio between the units is a decisive factor in their relationship. Virtually every effort (such as the Hague Confer-

⁴⁶ Quoted in Burr, *Hispanic American Historical Review*, XXXV, 58n.

ences and the League of Nations) to reach agreement on arms apart from the resolution of other diplomatic and political issues has failed. Inevitably attempts to arrive at arms agreements have tended to broaden into discussions of all the significant political issues between the competing powers.⁴⁷ On the other hand, it cannot be assumed that arms negotiations are hopeless, and that they only add another issue to those already disrupting the relations between the two countries and stimulating passion and suspicion.⁴⁸ Just as the problem of armaments cannot be settled without reference to other political issues, so is it also impossible to resolve these issues without facing up to the relative balance of military power. The most notable successes in arms limitation agreements have been combined, implicitly or explicitly, with a resolution of other controversies. The Rush-Bagot Agreement, for instance, simply confirmed the settlement which had been reached in the Treaty of Paris. The *Pactos de Mayos* dealt with both armaments and boundaries and implicitly recognized that Argentina would not intervene in west coast politics and that Chile would not become involved in the disputes of the Plata region.⁴⁹ The Washington naval agreements necessarily were part and parcel of a general Far Eastern settlement involving the end of the Anglo-Japanese alliance and at least a temporary resolution of the diplomatic issues concerning China. As has been suggested previously, in one sense armaments are to the twentieth century what territory was to the eighteenth. Just as divisions of territory were then the essence of general diplomatic agreements, so today are arrangements on armaments. If both sides are to give up their conflicting ratio-goals and compromise the difference, this arrangement must coincide with a settlement of the other issues which stimulated them to develop the conflicting ratio-goals in the first place. If one state is to retreat further from its ratio-goal than the other, it will have to receive compensations with respect to other points in dispute.

While arms limitation is seldom possible except as part of a broader political settlement, it is also seldom possible if the scope of the arms limitation is itself too broad. One of the corollaries of

⁴⁷ See Clyde Egleton, *Analysis of the Problem of War* (New York, 1927), pp. 19-21.

⁴⁸ For this line of argument, see Merze Tate, *The United States and Armaments* (Cambridge, 1948), p. 5.

⁴⁹ Burr, *Hispanic American Historical Review*, XXXV, p. 59.

the belief that arms races produce wars is the assumption that disarmament agreements are necessary to peace. Too frequently it has been made to appear that failure to reach a disarmament agreement leaves war as the only recourse between the powers. In particular, it is false and dangerous to assume that any disarmament to be effective must be total disarmament. The latter is an impossible goal. Military force is inherent in national power and national power is inherent in the existence of independent states. In one way or another all the resources of a state contribute to its military strength. The discussions in the 1920s under the auspices of the League conclusively demonstrated that what are armaments for one state are the pacific instruments of domestic well-being and tranquility for another. The history of general disarmament conferences persuasively suggests the difficulties involved in deciding what elements of power should be weighed in the balance even before the issue is faced as to what the relative weight of the two sides should be. At the first Hague Conference, for instance, the Germans were quick to point out that the Russian proposal for a five year holiday in military budget increases was fine for Russia who had all the men in her army that she needed, but that such a restriction would not prevent Russia from building strategic railways to her western border which would constitute a greater menace to Germany than additional Russian soldiers. The demand for total disarmament frequently reflects an unwillingness to live with the problems of power. A feasible arms limitation must be part of the process of politics not of the abolition of politics.

The narrower the scope of a proposed arms limitation agreement, the more likely it is to be successful. Disarmament agreements seldom actually disarm states. What they do is to exclude certain specified areas from the competition and thereby direct that competition into other channels. The likelihood of reaching such an agreement is greater if the states can have a clear vision of the impact of the agreement on the balance of power. The more restricted the range of armaments covered by the agreement, the easier it is for them to foresee its likely effects. In general, also, the less important the area in the balance of power between the two states, the easier it is to secure agreement on that area. Part of the success of the Washington agreements was that they were limited to capital ships, and, at that time, particularly

in the United States the feeling existed that existing battleships were obsolete and that in any event the battleship had passed its peak as the supreme weapon of naval power. Similarly, in 1935 Germany and England were able to arrive at an agreement (which lasted until April 1939) fixing the relative size of their navies—something which had been beyond the capability of sincere and well-meaning diplomats of both powers before World War I—because air power had replaced sea power as the decisive factor in the arms balance between Germany and England. Restrictions on land armaments have generally been harder to arrive at than naval agreements because the continental European nations usually felt that their large armies were directly essential to their national existence and might have to be used at a moment's notice.⁵⁰

Successful disarmament agreements (and a disarmament agreement is successful if it remains in force for a half decade or more) generally establish quantitative restrictions on armaments. The quantitative ratio is the crucial one between the powers, and the quantitative element is much more subject to the control of governments than is the course of scientific development. Furthermore, a quantitative agreement tends to channel competition into qualitative areas, while an agreement on innovation tends to do just the reverse. Consequently, quantitative agreement tends to reduce the likelihood of war, qualitative agreement to enhance it. In the current arms race, for instance, some sort of quantitative agreement might be both feasible, since the race is primarily qualitative in nature, and desirable, since such an agreement would formally prohibit the more dangerous type of arms race.⁵¹ On the other hand, a qualitative agreement between the two countries prohibiting, say, the construction and testing of intercontinental ballistic missiles, might well be disastrous if it should stimulate a quantitative race in aircraft production, the construction of bases, and the multiplication of other forms of military force. In addition, the next phase in the arms race, for instance, may well be the development of defenses against ballistic missiles. A qualitative answer to this problem, such as an effective anti-missile missile, would, in the long run, be much less expensive

⁵⁰ John Foster Dulles, *War, Peace, and Change* (New York, 1939), p. 94.

⁵¹ Cf. Tate, *United States and Armaments*, p. 19, for the opposing argument that quantitative agreements are fruitless because they do not prevent qualitative competition.

and much less disturbing to peace than a quantitative answer, such as a mammoth shelter construction program, which would tax public resources, infringe on many established interests, and arouse popular concern and fear. Continued technological innovation could well be essential to the avoidance of war. Peace, in short, may depend less upon the ingenuity of the rival statesmen than upon the ingenuity of the rival scientists.

The balancing of power in any bipolar situation is inherently difficult due to the absence of a "balancer."⁵² In such a situation, however, a qualitative arms race may be the most effective means of achieving and maintaining parity of power over a long period of time. The inherent tendency toward parity of such a race may to some extent provide a substitute for the missing balancer. In particular, a qualitative race tends to equalize the differences which might otherwise exist between the ability and willingness of a democracy to compete with a totalitarian dictatorship. The great problem of international politics now is to develop forms of international competition to replace the total wars of the first half of the twentieth century. One such alternative is limited war. Another is the qualitative arms race. The emerging pattern of rivalry between the West and the Soviet bloc suggests that these may well be the primary forms of military activity which the two coalitions will employ. As wars become more frightening and less frequent, arms races may become longer and less disastrous. The substitution of the one for the other is certainly no mean step forward in the restriction of violence. In this respect the arms race may serve the same function which war served: "the intensely sharp competitive *preparation* for war by the nations," could become, as William James suggested, "*the real war*, permanent, unceasing. . . ."⁵³ A qualitative race regularizes this preparation and introduces an element of stability into the relations between the two powers. Even if it were true, as Sir Edward Grey argued, that arms races inevitably foster suspicion and insecurity, these would be small prices to pay for the avoidance of destruction. Until fundamental changes take place in the structure of world politics, a qualitative arms race may well be a most desirable form of competition between the Soviet Union and the United States.

⁵² Friedrich, *Foreign Policy in the Making*, pp. 129-130; Wright, *Study of War*, II, pp. 763-64.

⁵³ *Memories and Studies* (New York, 1912), p. 273.

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BIBLIOGRAPHICAL NOTE

Despite the frequency and importance of arms races during the past two hundred years, the literature on the subject remains relatively sparse. Numerous works in military, diplomatic, and general history deal with aspects of the more important individual races, but they do not go into the broader reaches of the topic as a whole. The present essay and the brief analysis of Quincy Wright, *A Study of War* (Chicago, 2 vols., 1942), II, 690-91, 792-813 are virtually the only studies which subject arms races to a comparative, historical treatment. The most extensive presentation of a theory of arms races is the stimulating work of L. F. Richardson, "Generalized Foreign Politics," *British Journal of Psychology: Monograph Supplements*, XXIII (1939). Richardson's approach is deductive and mathematical. His basic formulae are:

$$dx/dt = ky - ax + g \qquad dy/dt = lx - by + h$$

where t is time, x and y are the defenses of two states, k and l are positive constants ("defense coefficients"), a and b are positive constants representing the fatigue and expense of maintaining the defenses, and g and h are the grievances between the two states. Richardson's model, of which these equations are only the starting point, is an extremely provocative one, and he attempts to demonstrate its historical applicability by reference to European arms races of 1909-1913 and 1922-1938. In introducing his historical material, however, he makes a whole series of debatable assumptions which are, in large part, responsible for the astonishing extent to which the historical evidence appears to confirm his theory. Particularly dubious are his use of international trade as an index of cooperation and his reliance upon budgetary figures as an index of defense preparations. Richardson has carried forward his analysis to the current arms race in "Could an Arms Race End Without Fighting?" *Nature*, CLXVIII (Sept. 29, 1951), pp. 567-68; see also the reply by M. R. Horne, *ibid.*, Nov. 24, 1951, p. 168. For a less elaborate theoretical analysis, see M. Ash, "An Analysis of Power, with Special Reference to International Politics," *World Politics*, III, (Jan., 1951), 218-237.

Questions concerning arms races are touched upon tangentially in many of the writings of the 1920s and 1930s concerning disarmament. Among the more useful works in this category are: Hans Wehberg, *The Limitation of Armament* (Washington, 1921); Salvador de Madariaga, *Disarmament* (New York, 1929); P. J. Noel Baker, *Disarmament* (New York, 1926); Benjamin H. Williams, *The United States and Disarmament* (New York, 1931); Denys P. Myers, *World Disarmament* (Boston, 1932); Victor Lefebure, *Scientific Disarmament* (New York, 1931); John W. Wheeler-Bennett, *The Pipe Dream of Peace* (New York, 1935). The history of disarmament efforts is carefully covered in Merze Tate's two volumes, *The Disarmament Illusion* (New York, 1942), and *The United States and Armaments* (Cambridge, Mass., 1948).

Liberal writers have stressed the expense involved in competitive armaments. This concern first manifested itself in Cobden's pioneering essay, "The Three Panics: An Historical Episode," *Political Writings* (London, 2 vols., 1867), and was continued in The Cobden Club's *The Burden of Armaments* (London, 1905) and Francis W. Hirst's *The Six Panics and Other Essays* (London, 1913) and *Armaments: The Race and the Crisis* (London, 1937). A characteristic of these writers, less true of Cobden than of his successors, is that their analysis is couched almost purely in terms of governmental expenditures on arms rather than upon comparative levels of armaments. Consequently, they are of considerable help in analysing the relation of armaments to national budgets and economies, but of somewhat less assistance in analysing their relation to international politics. In contrast to the liberals, socialist writers have tended to focus on the interest of private munitions companies in arms races. See, for example, J. T. Walton, *How Europe Armed for War (1871-1914)* (London, 1916).

The role of technology and industry in military affairs and inferentially in arms races is explored in J. F. C. Fuller, *Armament and History* (New York, 1945), Bernard Brodie, *Sea Power in the Machine Age* (Princeton, 2nd ed., 1944), Frederick L. Robertson, *The Evolution of Naval Armament* (New York, 1921), and John U. Nef, *War and Human Progress* (Cambridge, Mass., 1950).

Statistics on the armaments of the major powers since 1864 will be found in *The Statesman's Year Book*. Considerable care, however, must be used in referring to this work particularly in its earlier years when there were frequent changes in the scope and basis of its figures. A more comprehensive coverage for the years 1924-1940 will be found in the fifteen volumes of the League of Nations, *Armaments Year-Book*. An excellent analysis of the League data is contained in N. M. Slutzki, *The World Armaments Race, 1919-1939* (Geneva Studies, Vol. XII, No. 1, July, 1941).

THE POLITICS OF AIR POWER—A COMPARATIVE ANALYSIS

Harry Howe Ransom

INTRODUCTION

EXPERIENCE with a new dimension of warfare—the air—during and after World War I raised hard public policy questions in many nations. At issue were the extent to which the airplane had disrupted traditional strategic concepts, and whether new defense doctrine and organization were required. Responses of public policy makers to the argument that the airplane had revolutionized warfare varied appreciably from nation to nation. Why was so varied a reception given this technological fact—the airplane?

What factors, for example, produced an “independent” air force quickly in some nations, slowly in others? Why the thirty year hiatus between creation of the Royal Air Force in Great Britain and the establishment of a separate United States Air Force?

That man could fly was a fact. Utility of the airplane as a weapon had been demonstrated. Accelerating progress of aviation technology was also a fact, although the rate of advance was speculative. Future range, speed, capacity and over all capability of the airplane were subjects for speculation as were the important corollary factors of communications, antiaircraft defense and ordnance. This combination of fact and estimated progress stimulated theories of air power, fed the fires of inter-service controversy and engendered movements for radical reorganization of national defense structures.

A comparative analysis of the reception accorded the concept of military air power by policy makers in Great Britain, Italy and the United States allows a testing of the hypothesis that major changes occur in military organization and doctrine only upon the impetus of extraordinary or compelling external pressures, usually of a political—rather than professional military—nature. These three nations have been selected for comparative analysis because they offer sharp contrasts in such important ele-

ments as geography, political structure, national experience and general strategic predisposition.

An analysis of the factors which influenced military aviation development, within selected political environments, promises to shed light upon requisites for stability and change in military institutions and doctrine.

A major assumption in approaching this analysis is that military organizations, with their tightly structured hierarchies, are inherently conservative. Even in the face of revolutionary technological change, groups with a vested interest in opposing change normally occupy a stronger position. This is particularly true in the realm of military affairs, where heavy reliance upon "lessons" from past wars has characterized most military thinking. Consequently one must look to the political environment for the requisites for basic change.

Theories of the utility of military air power and the concept of an air force organization separate from Army or Navy knew no national boundaries in the interwar years. Experiences with aviation in World War I of Great Britain, Italy and the United States were not appreciably different, although the experiences of their civilian populations—England was bombed—differed sharply. In each of the nations, professional leaders of the Army and Navy reacted uniformly to theories of air power. This reaction was negative. In armed service doctrine aviation was no more than an important adjunct to land and sea operations. Its organizational status was deemed to be ancillary, not independent.

In fighting this attitude, Brig. Gen. Billy Mitchell, American air power polemicist, in the heat of his campaign for a separate and larger air force argued that "Changes in military systems come about only through pressures of public opinion or disaster in war."¹ Much of Mitchell's energy was spent in his unsuccessful attempt to generate the pressure of public opinion which he believed necessary to effect the changes he proposed. He worked in a political climate unfavorable to attainment of his goals. A different requisite for radical change was expressed implicitly by the Italian officer Giulio Douhet, the first to develop a systematic theory of air power. He asserted that it was not until Mussolini's

¹ *Winged Defense*, (N. Y., 1925), p. xviii.

"march" on Rome in 1922 that there occurred the necessary "revolution which really provoked thought" about air power.² In Great Britain both a fear of "disaster in war" and the pressure of public opinion in 1917-1918 affected official British reaction to the new dimension of warfare.

National policy reflects a myriad of factors which sometimes seem to defy analysis. The interaction and interrelationship of ideas, national resources, economic, political and psychological factors, governmental structure, and not least, personalities, tend to defy precise analysis. Yet it is possible to isolate important factors which influenced public policy reaction to military aviation. These will be delineated in the following pages. What and where were the elements of power to effect radical change in the post-World War I decade in military policy and organization? What and when were the elements effective in resisting change?

EVOLUTION OF ROYAL AIR FORCE INDEPENDENCE

At the height of World War I, and over the opposition of highest ranking officers of the Royal Army and Navy, British political leaders established a separate Royal Air Force. What was the political environment which produced this significant decision?

The establishment of an Air Ministry on January 1, 1918 and the subsequent amalgamation of the Army's Royal Flying Corps and the Navy's Royal Naval Air Service into the R.A.F. on April 1 were not acts sprung full blown out of the war crisis of 1917-1918. They were preceded by gradual steps in which many Boards, Committees and Councils were at work in the midst of events in which personalities operated within the intricate political environments of a war-time coalition government. The creation of an independent British air power occurred in successive stages in a three-year period, 1916-1919.

The evolution of events culminating in an Act of Parliament establishing in 1918 the Air Ministry and Royal Air Force will not be traced in detail here.³ Major steps in this evolution are clearly identifiable:

² *The Command of the Air*, translated by Dino Ferrari, (N. Y., 1942), p. 94.

³ For details see H. A. Jones, *The War in the Air*, Official History of the War, (Oxford, 1937), Vol. VI, especially Ch. 1; J. M. Spaight, *The Beginnings of Organized Air Power*, (London, 1927); Lord Beaverbrook, *Men and Power*,

1. The Royal Flying Corps was established as a branch of the Army in April, 1912. A year earlier a flying school for officers had been established by the Royal Navy. In each of the services, aviation was regarded as merely an adjunct to land and sea operations and this view widely pervaded military and naval thought in subsequent decades. The Royal Naval Air Service was officially established within the Navy in July, 1914.

2. A Joint War Air Committee was established in February, 1916, to coordinate conflicting demands upon limited resources by Army and Navy air forces particularly in aviation materiel and manpower. This committee under the chairmanship of Lord Derby, who did not hold a ministerial post, was short-lived and relatively ineffective because its "coordinating" powers were only advisory.

3. In May, 1916, an Air Board was constituted under the presidency of Lord Curzon. Its function, like that of the previous Air Committee, was advisory. But under the leadership of Curzon, a Minister, it possessed greater influence in dealing with controversial air supply issues.

4. A second Air Board, headed by Lord Cowdray, was constituted in February, 1917. For the first time such a group had executive authority to coordinate the Government's aviation design and supply activities. This stage was reached because of growing inter-service conflict over allocation of aviation resources. Need was realized for centralized executive power to resolve such conflicts. Early in 1917, the Ministry of Munitions was assigned the function of actual supply of airplanes, seaplanes and engines to the armed forces.

5. These arrangements and disputes culminated in the creation of a separate air department in January, 1918. It had co-equal status with the War Ministry and the Admiralty and possessed its own Secretary of State for Air.

The above steps in the evolution of a separate Air Ministry are cited here to make the point that an independent air force in

1917-1918, (London, 1956), especially Ch. VII for a controversial account of "The Birth of the Royal Air Force"; Lord Templewood, *Empire of the Air*, (London, 1957); Hilary St. George Saunders, *Per Ardua, The Rise of British Air Power 1911-1939*, (London, 1944); and numerous memoirs and biographies of men who played a major role in these events.

Great Britain was, in fact, created in the course of an evolutionary process. It was the gradual response of the Government to a chain of events. But why did military aviation gain an independent status in Great Britain when it failed to do so in the United States, or in Italy, (or in France and Germany)? For in each of these other nations, aviation technology also was rapidly progressing.

Factors Influencing British Developments. The following factors must be considered. First, there was the accelerating aviation technology, a factor common in each of the nations under survey. Between 1912, when the Royal Flying Corps was established, and the 1918 birth date of the Royal Air Force, constant improvements were made in the air weapon, its armament and the techniques for its employment. The stick and string Farman bi-plane and its like in 1912 were primitive vehicles in comparison with the "long distance" bombers of 1918, themselves primitive by today's standards. Yet military aircraft rapidly gained in over-all capability, with serious implications to Britain's insularity.

A second important factor, stemming from the first, was the development of the concept of aircraft utility in warfare. The notion of the "independent" mission—of strategic air warfare—was advanced by those who considered themselves in the vanguard of understanding of this new dimension of warfare. Official doctrine had accepted the airplane as an important auxiliary tool, but always "merely ancillary" to traditional forces of the Army and Navy. Airmen and their supporters, many of them adventurers and experimenters by nature, increasingly embraced the concept of separatism in air mission and organization.

By the spring of 1916, for example, Winston Churchill was declaring in the House of Commons:

No one can doubt that ultimately—and the sooner the better—the Air Service should be one unified, permanent branch of Imperial defence, composed exclusively of men who will not think of themselves as soldiers, sailors, or civilians, but as airmen, as servants of the new arm, as servants of an arm which, at no distant date may be the dominating arm of war.⁴

⁴*Official Reports, Parliamentary Debates, House of Commons, Vol. 82, Col. 1588, May 17, 1916.*

Similar sentiments were expressed by others with increasing frequency as the war progressed, or, it may be said, failed to progress. When the American air officer, Billy Mitchell, was touring British air stations on the Western Front in 1917, Major-General Hugh Trenchard, field commander of the Royal Flying Corps, showed him a memorandum on use of military aviation. They discussed, so Mitchell records in his Diary, as a "perfectly practical thing" the idea of strategic bombing of Germany's industrial centers.⁵

A third element which catalyzed action towards RAF independence was frustration with heavy losses which British fighter aircraft sustained in aerial combat with the Germans. To these losses were added German bombing raids upon southern England in the spring of 1917. Twin-engine *Gotha* bombers replaced the relatively innocuous German dirigibles. In June and July formations of 14 and 21 bombers, almost serenely, with token opposition and in broad daylight, attacked London, inflicting damage and casualties.⁶

Other pressures in 1917 weighed upon the War Cabinet. To the increasing tempo of the German air offensive were added the frustrations of the muck and mire of the Passchendaele offensive in Flanders, mutinies in the French Army resulting from discontent with the apparently purposeless slaughter of infantry troops, the defection of Russia, and the harassment of vital shipping by German U-boats. The constant struggle among generals, admirals and politicians over the allocation of manpower and materiel also generated pressure for an alternate strategy. Political leaders sought an alternative to sending the flower of British manhood "to chew barbed wire in Flanders," to use Churchill's poignant phrase. In the midst of in-fighting between the Royal Flying Corps and the Royal Naval Air Service competing for meager aviation resources, and amidst a profound struggle between soldiers and politicians in England over the war's conduct, many eyes turned to the air for a panacea. Perhaps the war could be won by greater attention to the airplane which might bring the

⁵ Isaac Don Levine, *Mitchell: Pioneer of Air Power*, (New York, 1943), p. 96.

⁶ During the 1914-18 conflict 52 German air raids were made on the British Isles, dropping 73 tons of bombs which killed 857 persons and injured 2,058.

war with telling effect to the enemy's industrial and other population centers behind the front lines.

A fourth factor was the group of personalities involved in the evolution of events leading to unification of aviation. The ex-officio military advisers to the government on the issue of air organization were of course the chiefs and their staffs of the Royal Army and Navy. The questions which confounded London politicians in the summer of 1917 were these: Should air power be unified? Was there an independent mission for aviation? Was the airplane the weapon to protect England from aerial assault and to end the bloody, muddy stalemate on land? The Navy leaders answered the first with a firm "No." Most Army leaders were skeptical of the implications of the second. The insinuations of the third question had a potentially wide appeal, at least to politicians and the public.

In a House of Lords debate on similar questions a year earlier, a spokesman for the Government, Lord Lansdowne, had declared, "Unless I am mistaken the Air Service must always be to a great extent ancillary to the Army or the Navy as the case may be. The Navy will always insist on having an Air Service of its own."⁷ He was voicing the opinion of professional military advisers. But other strong personalities took opposite views. These included not only Trenchard and Winston Churchill, but also David Henderson, Sefton Brancker, Frederick Sykes, William Weir, and finally, but perhaps most important, Lt. Gen. Jan Christian Smuts—all with considerable political influence in war-time London.

As head of a committee appointed by Lloyd George to seek an answer to the aviation issue, (Lloyd George was nominal chairman of the committee) General Smuts issued a significant Report, submitted to the War Cabinet on August 17, 1917. The Smuts Report concluded that the air service was no longer "merely ancillary to naval and military operations . . . Air Service," stated the Report, "can be used as an independent means of war operations. . . ."⁸ The unequivocal views contained in the Smuts

⁷ *Official Reports, Parliamentary Debates, House of Lords, March 9, 1916, Vol. 21, Col. 340. Quoted in Spaight, op. cit. at p. 70.*

⁸ For full text of the Smuts Report, see Appendix II, *The War in the Air*, pp. 8-14.

Report on the question of independence gave Lloyd George the kind of authoritative lever he needed to unify the air forces, or in effect to follow public and political opinion rather than professional military advice.

A fifth element which added its impact was public opinion, in so far as this can be identified from its outward manifestations. The public was showing the strains of a costly and inconclusive war on the Western Front and many public meetings of protest followed the German air raids upon London in June and July.⁹ The *Daily Mail* called for an end to "the wretched system of passive defence that obsesses our air departments."¹⁰ *The Times* observed "The confidence of the people has been shaken not in the least for fear of enemy raids, but because recent experience has lead to the belief that the Government have not devoted sufficient imagination to [aviation] the new arm. . . ."¹¹ One observer of these events comments, apparently with validity, "If ever there was a reform which was demanded and supported by the *vox populi*, it was that which took shape in the air organisation of the end of 1917."¹²

Another factor was the expediency with which a War Cabinet in a Parliamentary system of government could respond to public demand. No separation of powers existed through which the vested interests of Army and Navy thinkers on this issue could combine with allies within the Cabinet and Parliament to block the Government's determination to alter radically its air organization. Although Lloyd George's power was a composite of delicately balanced and extremely intricate civilian-military elements, the Prime Minister managed to maintain the power to have his way.

Creation of a separate air force did not end controversy. After serving several months as Chief of Air Staff, General Trenchard resigned that post following a dispute with the Air Minister, Lord Rothermere, over division of civilian-military authority in the new ministry. This was followed by public and parliamentary consternation and the subsequent resignation of Rothermere.

⁹ Spaight, *op. cit.*, pp. 126ff.

¹⁰ July 9, 1917, quoted in Spaight, *op. cit.*, p. 129.

¹¹ July 10, 1917, q. in Spaight, p. 129.

¹² Spaight, *op. cit.*, p. 139.

Lloyd George managed to weather this air storm, and again was the victor in the high stakes game of political maneuver played in London during this period. Shortly thereafter, however, Trenchard was back in harness as chief of a new Independent Bombing Force, designed to bring the war to the German homeland.¹³

A final element to be noted, less tangible but of equal importance, was the British conception of defense needs. This, like the strategic predispositions of most nations, was a traditional pattern of thinking about the nation's geography and the role of defense forces in guarding the security of the British Isles. The basis of this traditional outlook was insularity. Over a period of several hundred years, Britons had grown accustomed to "the sound of guns at sea." Protective military forces were supposed to fight battles "out there," not at home. A strategic tradition, which grew with the Navy's role, was essentially that of attrition. This is illustrated by J. M. Spaight's comment:

The service which has guaranteed to us that immunity has been set apart, fostered, endowed with an organisation as full and perfect as human forethought could provide. The nation has recognised that the degree of security which it has demanded is a high one and that there could be nothing of makeshift or compromise about the administrative and executive machinery designed to provide it.¹⁴

Air power, and concepts advanced for its use, fit nicely into the pattern of traditional strategic thinking. In a sense air power seemed ready to inherit a part, at least, of the traditional role of sea power, the role of which was sharply altered by the airplane, the mine and the submarine.

A matrix of the above factors combined, in the midst of war, to create a separate air force in Britain, and to assign to it the independent strategic bombing mission which airmen argued for, then as now.

Post-war Conflict in Britain. This basic alteration in defense structure was challenged in the post-war period by those who had

¹³ One account of these events, probably not the last word, appears in Lord Beaverbrook's *Men and Power*, pp. 217-247. For another version, see Lord Templewood (Sir Samuel Hoare) *Empire of the Air*, pp. 43-46.

¹⁴ Spaight, *op. cit.*, p. 17.

opposed it in 1917. The Army and Navy worked to regain their own air services. They had supporters in high places. But the air revolution had been won, and Trenchard, who became Chief of Staff, and Sir Samuel Hoare (later Lord Templewood), who became Air Minister in 1922, successfully manned the barricades against the counter-revolution. Another R.A.F. officer, Sir John Slessor, has described this post-war battle as one fought "tooth and nail against the most powerful, the most determined, and I am afraid, sometimes the most intemperate obstruction by the forces of military conservatism."¹⁵

That the air independence battle had been largely won by 1922 was indicated by Austen Chamberlain's remarks in opposition to a motion made in that year for a return to a system of Admiralty control of a Naval Air Service. Said Chamberlain, in part:

Believing as we do that the Air Forces have immense potentialities of their own, and in their own element, distinctive from their other and vitally important duties in connection with the naval and military services, the great importance of which is not in the least underrated, and convinced as we are in the future that the greatest danger to this country may well be from the action of air forces rather than of naval and military forces, we consider that it would be a retrograde step at this time to abolish the Air Ministry and to reabsorb the Air Service into the Admiralty and the War Office.¹⁶

The Government policy implicit in this statement was continued by the Labour Government which succeeded the Conservative Government. Thus the Under-Secretary of State for Air, could reply to a question in the House of Commons in 1924:

The need for the maintenance of an independent Air Force has been accepted by successive Governments and is not in question. Its relation to the Army and Navy, and particularly the latter, was recently redefined after a special and exhaustive enquiry, and the present Government is not proposing to reopen the matter.¹⁷

¹⁵ "Air Power and the Future of War," *Journal of the Royal United Service Institution*, August, 1954, p. 344; see also Lord Templewood, *op. cit.* For a general survey of Trenchard's role, see my "Lord Trenchard—Architect of Air Power," *Air University Quarterly Review*, Summer, 1956, pp. 59-67.

¹⁶ *Official Reports*, Parliamentary Debates, Vol. 151, Cols. 2475-86, March 16, 1922.

¹⁷ *Official Reports*, Vol. 170, Col. 1621, March 6, 1924.

Table A
Great Britain
Three-Service Distribution of Direct Military Expenditures*
1922-1940

(In Thousands of Pounds)

Fiscal Year	Army	Navy	Air Force	Percentage of Three-Service Total Expenditures†		
				% Army	% Navy	% R.A.F.
1922-23	45,400	56,200	9,400	40.9	50.6	8.4
1923-24	43,600	52,600	9,600	41.1	49.8	9.1
1924-25	44,765	55,625	14,310	39.0	48.5	12.4
1925-26	44,250	59,657	15,470	37.1	50.0	12.9
1926-27	43,600	57,600	15,530	37.3	49.4	13.3
1927-28	44,150	58,140	15,150	37.6	49.5	12.9
1928-29	40,500	56,920	16,050	35.7	50.0	14.3
1929-30	40,500	55,750	16,750	35.9	49.3	14.8
1930-31	40,150	52,574	17,800	36.4	47.6	16.1
1931-32	38,520	51,060	17,700	35.9	48.0	16.1
1932-33	35,880	50,010	17,100	34.9	48.6	16.5
1933-34	37,592	53,500	16,780	34.8	49.6	15.6
1934-35	39,660	56,580	17,630	34.9	49.6	15.5
1935-36	44,647	64,806	27,496	32.7	47.3	20.0
1936-37	54,846	81,092	50,134	29.4	43.7	26.9
1937-38	63,010	77,950	56,290	32.0	39.5	28.5
1938-39	85,700	95,900	72,800	33.6	37.6	28.6
1939-40	81,900	69,400	66,600	37.6	31.8	30.6

* Basic figures from *Statistical Abstract for the United Kingdom*, Volumes 72 (Cmd. 3253) and 82 (Cmd. 5903), London, H.M.S.O., 1929, 1939. Percentages computed by author.

† Figures do not in all cases total 100% because of rounding.

The British Experience in Summary. The advent of the air weapon in World War I ended the relative invulnerability of the British Isles to invasion. This fact, along with the impact on the British Navy of the airplane, the mine and the submarine, prompted the British to decide to establish a separate air force in 1918 and maintain it in the postwar decade. Army and Navy leaders opposed the establishment of independent air power and rejected theories of strategic bombing, yet the total experience of the British people had the effect of causing political leaders in 1917-18 to override professional military advice and to unite separate air services into one Royal Air Force. German air bombing of southern England, homefront frustration with the massive bloodletting on the Western front, the apparent administrative

inefficiency of two air forces competing for men and materiel, fascination with the idea that the air weapon was a panacea for quickly ending the war by direct attack upon vital parts of the enemy homeland, and forceful personalities working within a complex political situation—all worked to produce a decision to reorganize an important segment of the defense establishment and to adopt the concept of strategic air warfare.

Britain was the first great power to alter its strategic concepts to accommodate the airplane into its defense structure. It was the first nation to establish a separate air force. This was a political decision made largely by politicians and shaped by the total political environment and national experience.

THE ITALIAN EXPERIENCE

The concept of an independent strategic air warfare was developed in theoretical detail in Italy well before such systematic thought existed in Great Britain or the United States. What reception was given this theory in Italy's public policy, as compared with the other two nations under survey?

This early air power theory came in Italy from the imaginative mind of Giulio Douhet. Douhet's *Command of the Air*, first published in 1921, argued the validity and efficacy of the strategic bombing-total war concept and its corollary, an "independent" air force. Indeed, as early as 1910 Douhet had written:

The army and navy should not then see in the airplane merely an auxiliary arm of limited usefulness. They should rather see in the plane a third brother, younger of course, of the powerful family of War.¹⁸

Italy's profound dissatisfaction with the peace settlement following World War I contributed to the rise of Fascism. Her hopes for new territories in the eastern Mediterranean and in Africa were frustrated, her territorial gains from the war were painfully small.

Prior to Mussolini's *coup* in 1922, military forces were weak from neglect. After Mussolini's accession to power in 1922, the Italian dictator set about not only to make the trains run on

¹⁸ "I problemi dell' aeronavigazione" in the newspaper *La Preparazione*, Rome, 1910, quoted in *Command of the Air*, translated by Dino Ferrari, (New York, 1942), p. 28.

time, but also to feed the fires of nationalism and expansionism and to build up Italy's military power and diplomatic prestige. Mussolini's foreign policy was conditioned by certain basic factors. As he himself observed "foreign policy is never original. It is determined by a certain order of facts—geographical, historical, economic."¹⁹ Italy was pre-eminently a Mediterranean power. For most strategic purposes it can be counted as an island, rather than a European land power. Italy was relatively poor in raw materials and surrounded by a "closed sea." Other factors to note were Italy's traditional friendship with Great Britain (albeit a potential rivalry existed in the Mediterranean and Middle East) and her long-time rivalry and uneasy relations with France.

Mussolini sought self-sufficiency for Italy by gaining supremacy in *Mare Nostrum*. He also sought to curtail French political and cultural influence in southeast Europe and to prevent either German or Slav predominance in this area. Other goals included the repopulation of Libya with Italians and a strengthening of Italy's position along the shores of the Red Sea and the Indian Coast. In short Mussolini intended to pursue a vigorous foreign policy to remake Italy into a world power. The free use of the Mediterranean and power to deny its use to other nations were obviously prime requisites for achievement of these ambitions.²⁰ The growing capability of military aviation fitted nicely into Mussolini's schemes. A short, swift war, utilizing aviation and Douhet's concepts of strategic bombing, seemed to offer a good chance of success to a nation in Italy's strategic position.

Douhet's Basic Concepts. Douhet set forth a number of basic concepts: that modern war could be won only by air attack; that the principal role of ground forces should be to facilitate air power; that an air force of adequate strength can obtain "command of the air" and that this command, once gained and if efficiently exploited, can so shatter the enemy's morale that he will surrender even prior to ground occupation of his homeland.²¹

¹⁹ Quoted in Maxwell H. H. Macartney and Paul Cremona, *Italy's Foreign and Colonial Policy, 1914-1937*, (London, 1938), p. 1.

²⁰ Indeed, this was to pose a problem for Britain. As B. H. Liddell Hart was to remark some years later with the development of Italian bombers having a radius of nearly 500 miles "the 100-mile canal from Suez to Port Said has been extended into a 2,000 mile 'canal' from Port Said to Gibraltar." "Strategy in the Mediterranean," *The Fortnightly*, January, 1937, p. 19.

²¹ See *Command of the Air*, op. cit., *passim*.

Regardless of the military validity of these concepts, they were of obvious value to the *Duce's* plans to expand, in part, by methods of propaganda and bombast.

Giulio Douhet played a role, although apparently minor, in Mussolini's Fascist revolution in 1922. He was one of the "three messengers" dispatched by the future *Duce* to deliver cordial greetings to Gabriele d'Annunzio, who had, in Garibaldian fashion, led a band of nationalists in the seizure and occupation of the city of Fiume. D'Annunzio's quickly-retuned message of support for Mussolini in 1922 bolstered his hand and helped lay the ground for the *Duce's* triumphant entry into Rome.²²

Mussolini's "march" on Rome, in the eyes of Douhet, was "a revolution which really provoked thought."²³ Prior to the fascist revolution, Douhet had made little headway with his advocacy of radical change in Italy's defense organization and doctrine. As he said, "none of the high army and navy authorities deigned to concern themselves with the question [of air power] about which complete silence was preserved until the march on Rome."²⁴ The Fascist revolution was accepted with enthusiasm by Douhet, for it seemed to promise a more hospitable atmosphere for his air power ideas.

Douhet's writing often seems to convey a belief in the universal application of his theories, yet his air power concepts were, in fact, based upon his view of Italy's defense needs. His pattern for warfare was devised around the Italian frame of reference—for a nation with Italy's limited resources and geographical position. Said Douhet,

Naturally, my first thought is of our own situation and the eventuality of a possible conflict between Italy and some one of her possible enemies. . . . the theories I expound have that in the background, and therefore should not be considered applicable to all countries.²⁵

"With our geographical and political situation," Douhet wrote, "all of our land and sea territory is exposed to eventual enemy

²² Benito Mussolini, *My Autobiography*, (New York, 1928), pp. 180-181.

²³ This remark comes in Part II of *Command of the Air*, a section added in 1927 to the work originally published in 1921 under the auspices of the Ministry of War. When the 1927 edition was published it contained the imprimatur of the National Fascist Cultural Institute.

²⁴ *Command of the Air*, pp. 93-94.

²⁵ *Ibid.*, p. 252.

offensives of imposing dimensions operating from land bases." Therefore, he believed, "command of its own sky is an indispensable condition of Italy's safety."²⁶ Douhet further wrote:

... if we are in a position to dominate our own sky we will automatically be in a position to dominate the Mediterranean sky as well—that is, to control the sea which must be ours if we wish to create for ourselves an imperial destiny. The Independent Air Force must become Italy's impregnable shield and the sharp sword with which to carve out her future.²⁷

As previously suggested, Douhet was enthusiastic about Italy's new political leadership after 1922. Douhet looked upon activity as an air power theorist and propagandist as "doing my duty as a citizen and a soldier, and at the same time of doing a work of sound collaboration in a period when the national government intends to lead Italy toward its bright future."²⁸ Douhet believed that Italy, though poorer than other world powers, could, "thanks to the native aptitude of her people" achieve an air power superior in quality to that of the rest of the world.

Italy did indeed possess an aviation tradition which could be traced back to the dawn of the Renaissance. Leonardo da Vinci, it will be recalled, had conducted research into the flight of birds, publishing his results in his *Codice Atlantico* and other works between 1486-1490. Italian engineers and scientists were early at work in developing aircraft. Notable among these was Gianni Caproni, whose first airplane flew in 1908. He produced the large Caproni bombers of World War I. A close relationship was formed early in their careers between Douhet, the theorist, and Caproni, the designer and manufacturer. Douhet helped to inspire Caproni to design and build the large bombers of World War I which set in motion the classic conflict between the concept of aviation as merely ancillary to ground operations and aviation as a means of independently applying military force.

Douhet's Stormy Career. Douhet pressed his arguments for independent air power largely within professional military circles

²⁶ *Ibid.*, pp. 138-139.

²⁷ *Ibid.*, p. 141.

²⁸ *Ibid.*; for an analysis of Douhet's thought, see Bernard Brodie, "The Heritage of Douhet," *Air University Quarterly Review*, Summer 1953, pp. 64-69; also Col. P. Vauthier, *La Doctrine De Guerre Du Général Douhet*, (Paris, 1935).

—unlike Billy Mitchell, whose target was “public opinion.” Douhet made initially little headway with his arguments. By the time of Mussolini’s march on Rome, however, Douhet had the reputation of a somewhat vindicated military maverick.

Born in Caserta in 1869, he attended the National Military Academy and was trained as an artillery officer. Prior to World War I he commanded Italy’s Aeronautical Battalion. As such he wrote *Rules for the Use of Airplanes in War* (1913), in which he argued for recognition of the great utility of aircraft.

This displeased the Italian Army General Staff. He was ordered to revise this booklet, deleting any reference to the aviation service as an “arm” of the military establishment. During this period Douhet and Caproni collaborated on plans for the tri-motored Caproni bomber, initially rejected by the War Ministry, but later hastened into production upon Italy’s entry into the war. By this time Douhet was Chief of Staff of the Milan department of the Army. Douhet became highly critical of the way in which Italian military forces were being utilized in the war. Impatient with the tactics of mass armies in the field, his imaginative mind sought alternate means of fighting what he conceived as “total war.” Prominent statesmen sought his opinions, which he set forth in memoranda. One such, severely criticizing Italian war methods, ended up on the desk of a high Army official. Douhet’s conviction by a court-martial followed. He served a year in military prison. During this period Douhet undoubtedly better organized his thoughts on air power, later published as *Command of the Air*. During his prison term he continued by letter his attempt to exert his influence on military thought.

Possible Impact Upon British and American Thought. Indeed it seems possible that various memoranda which appeared in Allied headquarters during 1916-1917, and bearing the signature of Gianni Caproni, may have been written, or at least inspired, by Douhet. One of these, for example, addressed to the “United States Air Service” in 1917, declares that “aviation’s importance excels that of any other war instrument, for two reasons:

It operates inside the enemy territory and throughout it. It transfers war beyond the front line where common life is lived and where the offense and defense instruments are prepared.

It operates at the direct damage of the civilians of the great densely-populated areas, i.e. the most sensitive centers of the nation, where low morale and depression provoke the most dangerous effects.²⁹

Many other passages suggest a close relation between Douhet's ideas and those expressed by Caproni. To what extent Billy Mitchell and Hugh Trenchard were influenced by these memoranda is unknown. Little evidence is available on the extent of their circulation among allied headquarters.

After the crushing Italian defeat at Caporetto, Douhet, who had been criticizing methods which apparently resulted in that disaster, gained the reputation of something of a prophet. In 1920 a military court reversed his original court martial conviction and erased it from his record. He was appointed to a high position in the General Aeronautical Commission and in 1921 attained the rank of General. Publication of his first edition of *Command of the Air* in that year provoked bitter controversies in Italian military circles. Douhet retired from active service shortly thereafter and spent the rest of his life—he died in 1930—pressing his arguments. Italo Balbo, later Mussolini's Air Minister, in the process of seeking appropriations for military aviation, said of Douhet after his death: "For seven years we have been trying to carry into effect the ideas of that mighty Italian military writer who, through the vicissitudes of his stormy life, had become almost a stranger in an Italy not yet regenerated by fascism."³⁰

Defense Reorganization in Italy. Before Douhet's death, however, he had seen the development, under Mussolini's rule, of an independent air force within a centralized Department of Defense. But even under Mussolini's dictatorship, these developments came somewhat more slowly than might have been expected. Not until some five years after Mussolini's seizure of power was the Ministry of Defense established.³¹

The question has been raised whether Mussolini's Italy can be classified as a "mature type of totalitarian system." This has been

²⁹ Reproduced in *Pegasus* (Supplement) 1956, Fairchild Engine Corporation, "Some Papers of Count Caproni di Taliedo," Hagerstown, Maryland, p. 18. See also the interesting, though speculative, comments of J. L. Boone Atkinson, "Italian Influence on the Origins of the American Concept of Strategic Bombardment," *The Air Power Historian*, July, 1957, pp. 141-149.

³⁰ Quoted in Louis A. Sigaud, *Douhet and Aerial Warfare*, (New York, 1941), p. 10.

³¹ For a general account of these events, see Emilio Canevari, *La Guerra Italiana*, (Rome, 1948), Vol. I, pp. 177-198 and *passim*.

defined as one in which "the ultimate goal is to make the armed forces into a mere branch of the totalitarian party."³² Although Mussolini had his own Fascist Party armed groups (*Milizia Volontaria pre la Sicurezza Nazionale*) the professional military corps was initially assured of immunity from politicalization. Indeed, in the Fascist era "the army remained a haven for royalist sentiments and a source of latent, and finally, active, opposition to Mussolini."³³

Mussolini recognized the professional military corps as a potential formidable opponent to his schemes. Thus he proceeded slowly in effecting unwanted radical reforms in the defense organization. This perhaps explains as much as anything the time it took to reorganize the defense structure into the centralized organization which had been proposed by Douhet. A military reorganization of 1926-1927 made the *Duce* commander of all the armed forces (technically he shared the commander-in-chiefship with King Victor Emmanuel III) with a centralized Ministry of Defense and single chief of staff responsible to him. Yet these changes evolved slowly.

In the early days of the Fascist movement so-called "aviation groups" were established for the purpose of building up Italy's air power. At the close of World War I, Italy was building up a sizeable air force. Even more important was her aircraft production capability. Some 70 aircraft factories had been engaged in aircraft production for the Allies, producing thousands of planes and engines.³⁴ The period immediately following the war saw a rapid decline of both the military air force in being and aircraft industrial capacity. The government generally neglected aviation, leaving the industry largely to private initiative. By 1922, Italy's first-line military aircraft, approximately 100 in numbers, were becoming obsolete.³⁵

One of Mussolini's intentions being to build the military power

³² Carl J. Friedrich and Zbigniew Brzezinski, *Totalitarian Dictatorship and Democracy*, (Cambridge, 1956), p. 274.

³³ *Ibid.*, p. 276; see also Dante L. Germino, "Was Fascist Italy Totalitarian," in Carl J. Friedrich and Seymour E. Harris (eds.), *Public Policy, Yearbook of Graduate School of Public Administration*, (Cambridge, 1956), Vol. VII, pp. 333-351.

³⁴ See Giorgio Lourier, "The Legacy of Leonardo da Vinci," *Interavia*, Vol. 5, No. 6, 1950, p. 285.

³⁵ W. F. Craven and J. L. Cate, (eds.) *The Army Air Forces in World War II*, (Chicago, 1948), Vol. I, p. 82.

of the state, he soon attended to a build-up of aviation, establishing, in January, 1923, a Commissariat of Aviation under his direct control. Mussolini became, in effect, Italy's first Air Minister. This was followed soon (23rd March, 1923) by the initiation of a merger of military and naval aviation including their supply services and establishments. The independent air force which had been fundamental to Douhet's air power theory began to take shape. This was culminated in 1925 when a full Air Ministry was established, to be headed in the following year by General Italo Balbo, one of Mussolini's early Fascist cohorts. Balbo's colorful personality and mass aviation demonstrations gained world-wide fame for Italian aviation. Under Balbo's leadership and with Mussolini's support, the Italian Air Force developed into a sizeable military force. Its annual appropriations rose from 3 per cent of the total military budget in 1922-23 to almost 20 per cent in 1935-36, and to nearly one-third of the total military budget in 1939-40.³⁶ The Air Force was used rather inconclusively in the Ethiopian and Spanish Wars and saw service in the occupation of Albania and in the Southern France, Egyptian and Grecian sectors of World War II. In these events the *Regia Aeronautica* demonstrated, as an organization, many fundamental weaknesses. The Italian Air Force did not, in fact, live up to the great expectations for air power set forth by Douhet.

Douhet's general recommendations for air force independence within a centralized Defense Ministry had been followed, yet Mussolini continued to maintain "balanced" ground and sea forces. These traditional forces retained a role which Douhet had categorically denied they should play in future warfare. Only partial acceptance of Douhet's theories marked the Fascist revolution. Although the concept of air power had a certain attraction to Mussolini, and although a show of military air capability suited well Mussolini's expansionist and propaganda aims, Mussolini never really was able to assume absolute control over Italy's military institutions nor to dictate military doctrines. Had he done so, the air power revolution which Douhet had sought might have been more completely realized. As it turned out, Italy was forced in part as a result of its own military inadequacies to fight a defensive war for which the Italian Air Force was not

³⁶ See Table B., p. 106.

prepared. Mussolini's need turned out to be, in part, a tactical air force, yet *Regia Aeronautica* was designed primarily for strategic air operations.

TABLE B
Italy
Three-Service Distribution of Direct Military Expenditures*
1922-1940
(In thousands of Lire)

Fiscal Year	Army ¹	Navy ²	Air Force ³	Percentage of Three-Service Total Expenditures†		
				% Army	% Navy	% Air Force
1922-23	2,328.4	770.2	95.3	73.0	24.1	3.0
1923-24	2,420.9	842.5	258.7	68.6	23.9	7.3
1924-25	2,247.8	997.8	460.2	60.7	27.0	12.4
1925-26	2,795.3	1,080.9	529.8	63.6	24.5	12.0
1926-27	3,112.2	1,320.3	679.8	60.8	25.8	13.3
1927-28	2,508.8	1,106.7	612.1	59.5	25.9	14.5
1928-29	2,618.8	1,128.1	686.1	59.0	25.4	15.5
1929-30	2,692.9	1,166.3	663.0	59.4	25.7	14.7
1930-31	2,987.2	1,447.2	732.5	57.9	27.9	14.2
1931-32	2,828.0	1,489.7	695.1	56.4	29.7	13.9
1932-33	2,809.1	1,479.7	686.9	56.5	29.7	13.8
1933-34	2,453.3	1,304.9	631.9	55.9	29.8	14.4
1934-35	2,747.4	1,215.4	807.0	57.5	25.4	16.9
1935-36	7,195.0	2,832.0	2,261.0	58.5	23.1	18.5
1936-37	9,184.6	3,395.1	3,644.2	56.6	20.8	22.4
1937-38	2,237.0	1,759.8	1,175.5	43.1	34.2	22.6
1938-39	3,423.7	1,982.6	1,684.8	48.2	28.0	23.8
1939-40	3,138.5	2,470.0	2,283.7	39.9	31.1	29.0

* Compiled from annual issues of League of Nations, *Armaments Yearbook*, Geneva, 1924-1939-40. Percentages computed by author.

† Figures in all cases do not total 100% because of rounding.

¹ Ministry of War.

² Ministry of Marine.

³ Ministry of Aviation, "Military Expenditures"; prior to *Yearbook* of 1928-1929, listed under Ministry of Interior, "Aeronautics."

The Italian Experience in Summary. Italy, home of General Douhet, the leading air power theorist, became the second nation to establish a separate air force. But this did not occur until well after Mussolini's Fascist *coup d'etat* of 1922. The slowness of this change may be attributed in part to the fact that the professional military establishment was the sole source of organized potential counter-revolutionary power. The *Duce* therefore proceeded

with caution to make unwanted radical changes in the defense structure. The strategic air power-total war concepts of Douhet, however, were tailor-made for Mussolini's expansionist aims and bombastic diplomacy. The establishment of a new and independent military organization, the Royal Italian Air Force (*Regia Aeronautica*) could be accomplished, even if cautiously, through by-passing the regular military establishment. Mussolini therefore took a personal interest in the creation of a separate air force, which he later turned over to his early Fascist cohort, Italo Balbo, whose world-wide demonstration of Italian air prowess was compatible with Mussolini's style in foreign affairs. Moreover Douhet's basic idea that Italy's military forces be unified into a Ministry of Defense also coincided with Mussolini's desire to control recalcitrant and potentially dangerous (to him) professional military leaders. Italy's insular geography also created a receptive atmosphere for early accommodation of air power into strategic plans. As in Britain, these decisions were made, in the last analysis, by politicians in a political environment.

AIR INDEPENDENCE AND THE AMERICAN EXPERIENCE

Near unanimity existed in the United States at the end of World War I that aviation, operating ancillary to ground and sea forces, was a useful military instrument. But the concept of an air force independent in mission and structure was a subject of hot contention in the post-war decades. No attempt will be made here to detail the evolution of this concept in the United States, nor to summarize the debate that swirled about the issue of a separate air force in the Executive Branch, in Congress and particularly within professional military circles.

The separate air force issue was studied and debated by numerous Executive and Congressional boards, committees and staffs in the post-war decade;³⁷ the air service did not gain independence. A few feeble steps were made in the direction of independ-

³⁷ Notable among these were the Crowell Commission, 1919; the Dickman Board, 1919; the Menoher Board, 1919; the Lassiter Board, 1923; the Lampert Committee (House Select Committee of Inquiry Into Operations of the United States Air Services, Florian Lampert, Wis., chairman, 1925); the President's Aircraft Board, Dwight Morrow, chairman, 1925; and a number of other studies by Congressional committees—particularly hearings on the Air Corps Act of 1926—and military staffs. The record of the general court-martial trial of Col. Billy Mitchell in 1925 also contains debate on the issues involved.

ence but for two decades after World War I, no major success was gained.³⁸

The Army General Staff's attitude on the issue was summed up in 1925 by the Assistant Chief of Staff, Brig. Gen. Hugh A. Drum. He chastised Air Service officers for preaching a "new gospel of the conduct of war," with a "new and catchy term 'air power,'" which seemed to teach that the enemy could be defeated by aerial bombardment alone.³⁹

Proponents of strategic bombing and air force independence also were called to order by Navy spokesmen. One of these rhetorically inquired of the Morrow Board studying the issue in 1925: "How long must the people of this Nation be pestered with air-force claptrap and propaganda?"⁴⁰ Forceful Army and Navy opposition, plus a Presidential proclivity for the status quo, effectively blocked proposals for reform. And in the two post-war decades, expenditures on aviation, Army and Navy combined, averaged less than ten per cent of total annual military expenditures.⁴¹ Why did the air radicals fail in the United States while their British and Italian comrades succeeded not only in gaining independence but a much more sizeable proportion of the defense budget?⁴² Compare for illustration, Tables A, B and C, pp. 97, 106, and 116.

Early organizational development of American military aviation was similar to that in Great Britain and Italy. In 1907 an Aeronautical Division was established within the Army's Signal Corps, which for many years had utilized balloons for observation and communication. In 1914 this division was elevated to

³⁸ For a detailed account of the air power issue between 1916-1926 see this writer's unpublished doctoral dissertation *The Air Corps Act of 1926, A Study of the Legislative Process*, (Princeton, 1953).

³⁹ Morrow Board, *Hearings*, 1925, p. 1247.

⁴⁰ Captain William S. Pye, *Ibid.*, p. 1375.

⁴¹ See Table C., (page 116).

⁴² Billy Mitchell wrote admiringly in 1927, "Great as has been the transformation in all of Italy's governmental departments, none has been more successful than the air ministry established by Mussolini, which has put Italian aeronautics in the forefront of the great Powers. . . . Airmen of all countries think that the action of aviation alone, if intense enough, will determine the result of a war quickly and not require the tremendous expenditures of life and treasure that old-fashioned operations on the land and sea required. Italy's air force is now organized to conduct an independent air war." *New York American*, "How Italy is Mobilizing Sky Army," Nov. 6, 1927, p. E3. Mitchell had similar praise for the British. See *New York American*, Nov. 20, 1927, p. E3.

the status of Aviation Section, remaining within the Signal Corps. It gained separate unit status within the Army in May, 1918, becoming the Air Service. After lengthy controversy in 1925-26, the Air Corps Act of 1926 was enacted. This legislation, bringing a new name, Air Corps, to Army aviation, threw a bone to the air radicals, but it had little meat on it. The heavy guns of the Army and Navy, plus Presidential opposition, completely knocked out of the air the separatist proposals. But the basic idea survived to fly again. These actions all took place in a period of national apathy over military preparedness.

Atmosphere of National Apathy. The level of preparedness, strategic assumptions and nature of military forces often provide accurate barometers of a nation's foreign policy outlook. Radical changes in defense organization are unlikely to occur in a time when a nation can discern no external enemy or no major alteration in what it defines as a favorable world power balance. Calvin Coolidge's pithy remark characterizes the American outlook of the mid-1920s. Said he to a United States Senator urging development of Navy air power, "Who's gonna fight us?"

In the post-World War I period, then, America returned to the strategic concept of the Monroe Doctrine. An acceptable power balance seemed to exist in Europe and Asia. The isolation of the Western Hemisphere from threat seemed reasonably secured by command of the sea, either by our own naval power or by forces of friendly nations. Thus the Navy remained the "first line of defense," with the battleship its capital weapon; the Army interpreted its mission largely as defense of the continent.

The national setting in the post-war decade was characterized by a bi-partisan—indeed, tri-partisan—spirit of isolation, an anti-imperialism, hopes for the efficacy of disarmament, and an infatuation with neutrality and pacifism. The Government itself was dominated by sentiments expressed in 1926 by President Coolidge, who declared to Congress that "economy is the handmaid of preparedness" and "dollars are the shock troops" in any modern military campaign.⁴³

Security seemed to lie in protecting the taxpayer from government aggression against his dollars. Those who seemed to be threatening the security of the United States, which Coolidge

⁴³ President's Message to Congress, December 7, 1926.

equated with the security of the Treasury, included former Allies reluctant to pay their war debts. Other enemies were members of a domestic "cult of disparagement," as Coolidge called them. This was a pointed reference to Army and Navy airmen who insisted that the nation's military structure was improperly organized; who complained that air power was neglected.

The small segment of the public interested in military policy received, during this period, conflicting advice. They were advised, on the one hand, that "The former isolation of the United States is a thing of the past;" that the United States was vulnerable to attack by enemy aircraft.⁴⁴ The ocean barriers no longer offered the protection of old, argued Billy Mitchell and a small band of cohorts. On the other hand the public, Congress and the President were assured by the President's Aircraft (Morrow) Board in 1925 that there was "no present reason for apprehension of any invasion from overseas directly by way of air; nor, indeed, is there any apparent probability of such an invasion in any future which can be foreseen."⁴⁵ Most of the public were inclined to accept the latter advice, which was, for 1925 at least, reasonably accurate. The "long-range" bombers of World War I and the early post-war period had a maximum range of less than 350 miles and a speed of less than 100 miles per hour.⁴⁶

In sum, geography, technology and the nation's political and military leadership combined to produce an atmosphere in which the arguments of the aviation radicals were unwelcome. The nation felt reasonably secure in its splendid isolation and had little desire to "learn of war." Political leaders and the public were more intrigued with the prospects of disarmament and "outlawing" war than they were with the alarmist preachments of the aviation radicals. Besides, the concepts of the aviation advocates had been examined at length by numerous prestigious boards and committees. The results had almost always been reassuring. Said Army and Navy "experts": "Airpower will very likely always play a minor, auxiliary role."

The meager support which existed for a separate air force, in

⁴⁴ William Mitchell, *Winged Defense*, p. xi.

⁴⁵ President's Aircraft Board, *Report*, Washington, Government Printing Office, 1925, p. 10.

⁴⁶ The experimental Barling NBL-1, of 1921, for example, had a maximum range of 335 miles, a speed of 93 mph, and an operating altitude of 4,000 feet.

Congress and elsewhere, was based largely upon the belief that air power could provide national security at much less cost than that needed to maintain a large Navy and sizeable Army. But the advice of the trusted experts overrode this suggestion, which, at the time, was of questionable merit.

The nation's leaders could see little utility in a weapon offered as a device essentially for waging offensive war, nor could they develop fear of "enemy" aircraft of limited range. Besides, use of aircraft as proposed by the air radicals was in their view immoral and contrary to principles of international law.

The Disillusionment of World War I. Americans in the post-war decade were not only generally disillusioned by the experience of World War I, they had been specifically disappointed in the performance of aviation. Great expectations had been generated during the war for what the airplane could do. In a burst of enthusiasm, Congress passed a \$640 million aviation appropriation bill in 1917. This was done amidst pronouncements that "The road to Berlin lies through the air. The eagle must end this war."⁴⁷

In the campaign for public and Congressional support for the large aircraft appropriation, the Chief of the Signal Corps, in which the air service was still located as the "Aviation Section", urged public support for

. . . building an army in the air . . . brigades of winged cavalry mounted on gas-driven flying horses. . . Sweep the Germans from the sky, blind the Prussian cannon, and the time will be ripe to release an enormous number of flying fighters to raid and destroy military camps, ammunition depots, military establishments of all kinds.⁴⁸

Congressional discussion of the \$640 million appropriation represented aircraft as the miracle weapon to win the war. Speedy passage of the bill was urged by Representative Horace M. Towner of Iowa, declaring that "no other single act can do so much toward winning a speedy victory."⁴⁹ Few voices in the House of Representatives attempted to dampen the hopes so ex-

⁴⁷ Statement of Howard E. Coffin, chairman of the Aircraft Production Board, quoting in Arthur Sweetser, *The American Air Service*, (New York, 1919), p. 77.

⁴⁸ Quoted in Sweetser, *op. cit.*, p. 79.

⁴⁹ *Congressional Record*, 65th Congress, 1st Session, July 14, 1917, Vol. LV, p. 5121.

travagantly expressed that American aircraft sent to France probably in the next spring would quickly end the war. *The Washington Post*, praising the House's "example of patriotism" in speedily passing the bill, urged the Senate to do likewise. "A fleet [of aircraft] three months from now may bring the war to a successful end."⁵⁰ A banner headline in the *New York Herald* chimed in: GREATEST OF AERIAL FLEETS TO CRUSH THE TEUTONS.⁵¹

Such great expectations were bound to go unmet. Although an additional billion dollars was appropriated for aircraft in 1918, the wartime aircraft production program, in relation to the extravagant promises made, was a failure. Acrimonious criticism, disillusionment and partisanship of 1918-1920 surrounding the nation's wartime record of aircraft production and performance were the harvest reaped by those who had sown seeds of false hope in 1917. General Peyton C. March bitterly records in his memoirs that "The Air Service, running true to form, was the storm center of all the attacks on the War Department's war activities."⁵² The Air Service became the "stormy petrel" of the Army and remained so in the postwar decade.

As a result a certain amount of cynicism thus existed in the public mind about what air power could do. And many of the senior officers in the Army, such as Generals March and John J. Pershing, were aggravated from the start, as were Navy officers, by the aviation question and particularly by the tactics of the principal advocates of air power. In the postwar decade the public, happy in its isolation and cynical and disillusioned about international affairs, and the professional Army and Navy leaders, harassed by demobilization and military retrenchment and infuriated by the propaganda of the aviation radicals, demonstrated little patience with the argument that aviation had altered the structure of international power and armament.

Billy Mitchell's Role. The American Douhet, the American Trenchard, was, in this period, Billy Mitchell. Yet he was significantly unlike his British or Italian counterpart. Although operating in a political environment distinctly different from that in which Douhet and Trenchard worked, Mitchell lacked Trench-

⁵⁰ July 18, 1917, reprinted in *Congressional Record*, LV, p. 5253.

⁵¹ June 18, 1917.

⁵² *The Nation at War*, (New York, 1932), p. 199.

ard's organizational ability; nor did his personality and presence command similar respect. Neither did he possess the analytical, theoretical mind of Douhet. Yet he was the central figure in the American air power controversy in the 1920s and deserves a place with the triumverate of military aviation pioneers.

After several postwar years of frustrating experience as Assistant Chief of the Army Air Service, Mitchell came to believe that greater emphasis on military air power and the organizational changes he sought could be obtained only by going "outside of channels." Recall his conclusion, expressed in 1925, that "Changes in military systems come about only through the pressure of public opinion or disaster in war." He concluded that the Army and Navy were not going to let Congress and the public get the "facts" about aviation. This he attributed to fear in the hearts of the "older services that see in the development of air power the curtailment of their ancient prerogatives, privileges and authority. . . ."⁵³

Mitchell was endeavoring to promote the development of an essentially offensive weapon of war in a nation little interested in military weapons but if so, in weapons of hemispheric defense. An Army and Navy hard-pressed for funds for reliable and trusted weapons did everything possible to discredit the arguments of aviation radicals who unhesitatingly suggested that the day of land armies and surface navies was rapidly passing. Cautious and conservative presidents, personifying the national attitude of isolation, governmental retrenchment and *status quo*-ism, joined professional Army and Navy officers in drowning out the pleas of the air radicals.

It was no easy task to drown out the prolific and energetic Mitchell, whose spectacular and significant sinking from the air of the German prize battleship *Ostfriesland* and other naval vessels in 1921 and 1923 naval-air tests gained wide public attention. Mitchell wrote numerous magazine articles and two books in this period and produced hundreds of pages of Congressional testimony.⁵⁴ To the Army, and particularly to the Navy, he was indeed a "stormy petrel." As early as 1921 Mitchell was asking

⁵³ *Winged Defense*, p. viii.

⁵⁴ The Mitchell literature is abundant. By 1942 the Library of Congress could compile a thirty-three page bibliography containing works by, and about Mitchell. See Ann D. Brown, *A List of References on Brig. Gen. Wil-*

in a published article "Has the Airplane Made the Battleship Obsolete?" which he quickly answered in the affirmative.⁵⁵

His attacks upon existing defense policy and organization became increasingly vehement and the more opposition he encountered within the general staffs, the less temperate were his arguments, the more sweeping his claims for air power. "Those of us in the air have had a vision into the future, which unquestionably is correct."⁵⁶ The tone of this statement reflects his general approach. He usually found easy outlets for his writings; he was championed in the Hearst press and other newspapers; and there were always Congressmen willing to offer a forum for his views. Yet he made little headway within military circles or with political leaders in the Executive Branch who were increasingly antagonized by his public statements and his tactics. It is clear in retrospect that in the national atmosphere of the 1920s, political power was lodged in those groups rightly or wrongly defending the military *status quo*. The air radicals clearly constituted an "out-group," unable to generate more than peripheral political power.

Having strained the patience of civilian and military leaders to the breaking point in 1924, Mitchell was demoted to colonel and "exiled" from Washington to a post in Texas. From Texas in the following year Mitchell deliberately provoked his general court-martial by a statement to the press, following several air disasters which Mitchell believed might have been avoided. He charged "incompetence, criminal negligence and almost treasonable administration of the national defense by the Navy and War Departments." He was convicted inevitably by the Army court for unbecoming conduct and given little alternative but to resign his commission, which he did early in 1926. He continued as a civilian his energetic campaign for air power until his death in 1936. Shortly after his resignation, he wrote to the British air chief, Hugh Trenchard, "I became so fed up with the way things were being conducted, I thought I could do more outside the

liam Mitchell, 1879-1936, Washington, Library of Congress, 1942. The best biography to date is Isaac Don Levine, *Mitchell, Pioneer of Air Power*, (New York, 1943). See also Roger Burlingame, *General Billy Mitchell*, (New York, 1952) and Ruth Mitchell (his sister) *My Brother Bill*, (New York, 1953).

⁵⁵ *The World's Work*, April, 1921, pp. 550-55.

⁵⁶ Unpublished manuscript, "Before Pershing in Europe," Mitchell Papers, Library of Congress.

service than in it, so I am making a lecture tour of the country and shall keep up the fight for a United Air Service until we get it."⁵⁷

Mitchell failed in his lifetime to achieve his goal. In retrospect, it is easy to criticize his tactics and to show that contrary to legend his record as a prophet, on balance, is not very good. On the other hand he deserves major credit for stimulating a reluctant Army and Navy to reappraise continually the impact of aviation on military affairs and to lay some of the groundwork for the major role of air power in World War II. Yet Mitchell and his cohorts failed in their primary mission, the establishment of a separate air force, while their counterparts succeeded, in Great Britain and Italy, in fulfilling this basic objective of airmen. It is doubtful that anyone could have achieved what Mitchell sought to do in the environment of the postwar decade in the United States. For, as General H. H. (Hap) Arnold, commander of the Army Air Forces in World War II, observed, "People have become so used to saying that Billy Mitchell was years ahead of his time that they sometime forget it is true."⁵⁸ "Ahead of his time" or not, he was, as events proved, out of step with the American political environment of the postwar decade.

The United States Experience in Summary. The effort made by a band of aviation radicals in the postwar decades to establish a separate air force and to develop aircraft as weapons of strategic warfare failed in a political environment which could not nourish such concepts. Not only did professional military leaders of the Army and Navy, as in Britain and Italy, firmly resist the ideas of the air radicals, but the political leadership of the nation could not accommodate such ideas into the national strategic concept. The prevailing concept was essentially that of securing hemispheric defense and maintaining the international status quo. America's geographical isolation led her to conclude that air power development required no alteration in basic strategy. Aside from sporadic and scattered support in Congress, the air radicals never generated enough political power to effect basic change. The airmen were, and remained throughout most of the inter-war years, a political "outgroup." It was not until the

⁵⁷ Mitchell to Trenchard, March 12, 1926, copy in Mitchell Papers, Library of Congress.

⁵⁸ *Global Mission*, (New York, 1949), p. 158.

TABLE C
United States
Distribution of Direct Military Expenditures*
1922-1940
(Thousands of Dollars)

Fiscal Year	Army ¹	Army Aviation ²	Navy ³	Navy Aviation ⁴	Total Military Aviation	Percentage of Three-Service Distribution†		
						% Aviation (Army and Navy)	Navy % of 3-Serv. TOT.	Army % of 3-Serv. TOT.
1922-23	263,694	18,142	310,164	16,703	35,695	6.0	51.0	43.0
1923-24	236,977	11,015	308,321	16,576	27,675	4.9	50.7	44.3
1924-25	241,922	11,681	311,982	13,008	24,689	4.5	54.0	41.5
1925-26	257,119	14,900	312,743	15,529	30,429	5.3	52.2	42.5
1926-27	265,595	16,952	318,909	15,364	32,316	5.6	52.0	42.4
1927-28	293,289	19,438	331,335	22,000	41,438	6.7	49.5	43.8
1928-29	313,532	23,262	364,561	28,145	51,407	7.5	49.6	42.9
1929-30	327,400	28,052	373,900	28,331	56,383	8.2	49.2	42.6
1930-31	345,300	38,651	353,900	29,510	68,161	9.8	46.4	43.8
1931-32	344,600	33,046	354,300	31,685	64,731	9.3	46.2	44.5
1932-33	298,500	21,929	343,100	31,257	53,186	8.3	48.4	43.3
1933-34	269,300	17,372	301,100	16,200	33,572	5.9	49.9	44.2
1934-35	365,900	20,338	438,800	21,783	42,121	5.2	51.9	42.9
1935-36	382,600	32,027	530,700	22,998	55,025	6.0	55.6	38.4
1936-37	381,456	41,055	539,031	26,492	67,547	7.3	55.6	37.1
1937-38	432,499	50,875	587,946	60,799	111,674	10.9	51.7	37.4
1938-39	496,075	83,164	660,206	47,461	130,625	11.3	53.0	35.7
1939-40	668,586	108,170	885,770	49,495	157,665	10.2	53.6	36.2

¹ Not including non-military activities of the War Department.

² Before 1926 "Air Service"; after 1926 "Air Corps."

³ Not including Naval public works.

⁴ Bureau of Aeronautics.

^{*} Figures before 1928 compiled from annual issues, League of Nations, *Armaments Yearbook*. After 1928 from annual issues of *The Budget*, Washington, Government Printing Office. Percentages computed by the author.

[†] Figures in all cases do not total 100% because of rounding.

World War II period that the impact of airpower on national security had become widely recognized and not until 1947 that the basic concept of a separate air force, which Great Britain had adopted almost 30 years earlier, became public policy. Billy Mitchell's attempt to change defense policy not only challenged and antagonized military authority—for which he was punished—but even more important, it affronted civilian authority, which had the effect of defeating his purposes.

CONCLUSION

Nations maintain the kind of military structure and doctrine desired by political leaders rather than what is prescribed by constituted professional military experts. Public policy decisions regarding the role of air power in the inter-war years reflect this. This was true under a parliamentary government (Great Britain); in a Fascist dictatorship (Italy); and in a separated powers-Presidential government (United States). The foregoing analysis suggests that professional military men do not play the predominant role in determining military policy. If politicians disagree, or if political power is not consolidated, military groups may hold the balance of power in, or they may temper, the decisions made. Professional military advice, however, is subordinate normally to the requisites of the political environment.

This study also suggests the validity of the introductory hypothesis that major changes in military doctrine and organization occur only upon the impetus of extraordinary pressure from the political environment.

In each of the nations under survey, Army and Navy leaders reacted negatively to the concept of a separately organized air force with an independent strategic bombing mission. Implicit in such a concept was a sharp diminution in the prestige and assigned missions of the Army and Navy. A vested interest concept seems to be one key to the understanding of the attitudes about military aviation assumed by Army and Navy leaders. (In fact, however, when air force independence was achieved, appropriations were not subtracted from the older services. New monies rather were added for the air service. See Tables A and B.)

This negative reaction of Army and Navy leaders to new

doctrines of air warfare had little effect upon the policy adopted by the several nations. It was the normal practice, however, for political leaders to woo the support of professional military men for favored policies. Prime Minister Lloyd George, for example, found it necessary in the political maneuvers leading up to the creation of the Royal Air Force to have an endorsement of the radical change by a respected general officer, Jan Christian Smuts.

In Great Britain, political leaders decided, only partly for military reasons, that a separate air force was required. Contrary advice from War Office and Admiralty advisers was rejected.

In Italy, Douhet's concept of air warfare dovetailed with Mussolini's ambitions. A separate air force and a unified defense establishment consequently were created. This came, however, somewhat more slowly than might have been expected, and in a form somewhat more slowly than might have been advocated by Douhet. This slowness may be attributed to the fact that the traditional armed services—Army and Navy—were the locus of potential counter-revolutionary power. Thus Mussolini proceeded slowly to effect radical organizational change. The point is that the doctrines of the air radicals, even though opposed by military traditionalists, coincided with the expansionist aims of Mussolini's foreign policy. Such doctrines, albeit with some modifications, were accordingly adopted as public policy.

In the United States, the views of Army and Navy leaders served primarily as a form of reserve power in Executive Department and Congressional resistance to changes advocated by the air radicals. The significant point is that the political leaders opposed change. The United States, dominated by concepts of hemispheric defense, retrenchment and isolationism, saw little to fear, unlike Great Britain, in military aviation. Great Britain's insularity, and the traditional role of her sea power, were, unlike that of the United States, challenged by air power. To United States leaders, the airplane, particularly the airplane with an independent bombing mission, did not seem to be a useful instrument of national policy. Thus the political leaders saw no strategic necessity in the development of anything more than auxiliary air services for the Army and Navy. Unlike Italy, which had a bombastic dictator with expansionist ambitions and with, as he saw it, a strategic requirement for air power, the United States

had no such need. Thus the pleas of air radicals fell upon the deaf ears of a coalition of political and military leaders.

A third generalization afforded by a comparative analysis of military expenditures in the three nations under survey⁵⁹ is that with air force independence went a sure and steady rise in defense appropriations for air power until roughly one-third of the defense money was being provided for aviation development. Such a rise in appropriations cannot, of course, be attributed to organizational independence alone. An accelerating aviation technology must also be taken into account. But without independence, as in the United States, air power expenditures were a much smaller fraction of the defense budget. (Table C.) Independence, of course, was related to the politicians' interpretations of strategic requirements, which in turn, were reflected in military budgets.

In Great Britain an independent air force evolved from the frustrating and discouraging military operations in the war and from the belief that Britain's strategic position had been altered by the airplane. In Italy, air force independence evolved out of a revolutionary political movement, the requirements of which offered a welcome reception to Douhet's ideas. Air force independence in the United States was not achieved until after World War II because national experience and objectives and strategic assessments in the inter-war years provided insufficient impetus for such a change.

The findings of the foregoing comparative analysis are not sufficient to support an integrated theory of "man-milieu relationship" in the development of military doctrine, strategy and organization.⁶⁰ Yet of the conclusions listed above, perhaps the most significant is the finding that the fundamental decisions based upon an assessment of the impact of aviation technology upon national military requirements were made by political leaders, by civilians. Where radical changes in defense structure occurred, it was contrary to professional military advice. No better argument can be found to stress the importance of civilian competence in military affairs then, as now.

⁵⁹ See Tables A, B and C.

⁶⁰ For an imaginative statement of possible hypotheses, see Harold and Margaret Sprout, "Man-Milieu Relationship Hypotheses in the Context of International Politics," Princeton University, Center of International Studies, (Princeton, 1956).

THE HORSE CAVALRY IN THE TWENTIETH CENTURY: A STUDY IN POLICY RESPONSE

Edward L. Katzenbach, Jr.

THE PROBLEM

L AG-TIME, that lapsed period between innovation and a successful institutional or social response to it, is probably on the increase in military matters. Moreover, as the tempo of technological change continues to quicken, it is likely that lag-time will increase as well. This is understandable: the kind of readjustment in terms of doctrine, organization, and training that the ballistic missile will demand of those who have flown manned aircraft from land and sea simply shocks the imagination. Atomics, supersonics, electronics of widely differentiated capabilities make the problem of successful institutional absorption most difficult.

Of course, at first there would seem to be a paradox here. As weapons systems have become more complex, the lead-time needed to bring them from the drawing board to the assembly line has become markedly longer. On the basis of the longer lead-time one might hypothesize that the institutional lag might lessen inasmuch as prior planning would seem eminently more possible. It might even be surmised that the institutional response might be made to coincide with the operational readiness of new weapons. To date, however, military institutions have not been able to use this lead-time effectively because real change has so outdistanced anticipated change. Moreover, there is not the urgency that there should be in the military to make major institutional adjustments in the face of the challenge of new weapons systems, if for no other reason than that the problem of testing is so difficult. Just as in the academic world it is well-nigh impossible to *prove* that any change in curriculum would enable future leaders to think more clearly than those with a classical education, so in the military it is quite impossible to *prove* that minor adjustments in a traditional pattern of organization and doctrine will not suffice to absorb technological innovations of genuine magnitude.

Furthermore the absence of any final testing mechanism of the military's institutional adequacy short of war has tended to keep the pace of change to a creep in time of peace, and, conversely, has whipped it into a gallop in time of war. The military history of the past half century is studded with institutions which have managed to dodge the challenge of the obvious. The Coast Artillery continued until the middle of World War II, at least in the United States. Other such institutional anomalies will spring to mind. But the most curious of all was the Horse Cavalry which maintained a capacity for survival that borders on the miraculous. The war horse survived a series of challenges each of which was quite as great as those which today's weapons systems present to today's traditional concepts. Like the mollusk, the Horse Cavalry made those minor adjustments that time dictated absolutely. Then it continued to live out an expensive and decorous existence with splendor and some spirit straight into an age which thought it a memory. Indeed it is difficult to conceive of an institution that underlines so sharply the relativity of the concept of obsolescence. In times such as these when today's weapons are already out-of-date and there is therefore a daily need for reassessing our military institutions' response to them, the strange and wonderful survival of the Horse Cavalry may amount to something more than a curiously alarming anachronism.

The horse cavalry has had to review its role in war four times since the end of the nineteenth century in the face of four great changes in the science of war: the development of repeating automatic and semi-automatic weapons, the introduction of gasoline and diesel-fueled engines, the invention of the air-borne weapon, and the coming of the nuclear battlefield. Each new challenge to the horse has been, of necessity, seriously considered. Each has demanded a review of doctrine, a change in role and mission. And in each review there have been, of necessity, assumptions made as to the relevance of experience to some pattern of future war. The role and mission of service or branch or unit must, after all, be based on some reasoned view of men's future reactions under the circumstances of war—when man is at his most unreasonable. Indeed the paradox of military planning is that it must be reasonably precise as to quite imprecise future contingencies.

THE WEAPONS PROBLEM

By the year 1900, or thereabouts, the clip-fed breach-loading repeating rifle was in the hands of the troops of all the major powers. The French Lebel had been adopted in 1886 after a decade of squabbling—the most difficult weapons to adopt or to change are the simplest: sword, lance, bayonet, rifle,—the improved Mauser in 1898, and the United States Springfield in 1903. The Lee-Enfield, the Ariska, the Mannlicher-Carcano, all rifles which were to become familiar to millions in two world wars, had been developed by the beginning of the century and either were or were about to go into production.

Self-firing automatic weapons were also on the assembly lines of the world's armament makers. Hiram Maxim had registered the last of a famous series of machine gun patents in 1885. By the time (1904-05) of the Russo-Japanese War the guns of Maxim and Hotchkiss were in national arsenals everywhere, or almost everywhere, for the expense of new weapons was rapidly shrinking the ranks of those powers which could be considered "great." At roughly the same time it had been found that the use of glycerine in the recoil mechanism of artillery pieces enabled these to remain aimed after being fired. This in turn meant that the artillery piece itself became a rapid fire (20 rounds per minute) weapon. The French "Seventy-Five," perhaps the most famous of all artillery pieces, was shortly to be in production. Firepower, in short, had a new meaning.

For the élite of the armies of the world, the cavalry, each of these developments would seem to have been nothing short of disaster. For that proud and beautiful animal, the horse, has a thin skin and a high silhouette, and its maximum rate of speed on the attack is only 30 m.p.h. Especially in conjunction with barbed wire, automatically manufactured since 1874 and in military use at the end of the century, it is difficult to imagine a target more susceptible to rapid fire.

The cavalry had always considered itself to have a variety of missions. The cavalry was the good eye of the infantry. It was taught to collect, and if necessary to fight for information about the enemy. The cavalry protected friendly, and harried enemy flanks and rear. It covered any necessary withdrawal. It was used in pursuit of defeated enemy. And above and beyond all else, the

cavalry was used to charge the faltering, the weary, or the unwary, to deliver the *coup de grace* with the *arme blanche*: with cold steel, with saber or lance, to "crown victory" as the proud phrase went.

It was clear that the introduction of the automatic and the semi-automatic weapon would make some cavalry missions more difficult. But there was no doubt in any cavalryman's mind, and there was little doubt in the minds of most others, that most cavalry missions would have to continue simply because there was no viable substitute. The horse was transport, and the horse was mobility. A group of horsemen could cover a hundred miles in twenty-four hours with a load of around 225-250 pounds. The beast was reasonably amphibious; at least it could swim rivers.¹ To scout, to patrol, to cover flank, rear and withdrawal, to raid—these missions remained untouched.

There remained, however, one really great problem area. Did automatic fire relegate the horse to a transport role or should it still be considered as part of a weapons system? At the time the problem was never stated quite this simply. Indeed it was never stated simply at all, but in essence this was the issue from roughly the end of the Boer War until World War I. The reason why the question so divided men was this: Cavalry as an arm was an integrated weapon made up of horse, man and cold steel fighting as one. If horses were to be considered simply as transportation, and if man and horse were to be separated for the fire fight, then the cavalry as an arm would no longer exist. Only mounted infantry would remain.²

On the issue of the relationship between horse and man hung a number of subsidiary issues. Should the horseman be armed with the new automatic weapons? If so, he would have to be dismounted in action, for the horse, as differentiated from the elephant, is a most unsatisfactory gun platform. Yet to deprive cavalry of the new weapons would be to deprive the weapons of mobility. And if the horse could no longer be used to charge the new guns, then of what possible use was honed steel, e.g., lance

¹ This ability and the fact that the U.S. Cavalry thought more about this aspect of horsemanship than did the troops of other nations, made possible the last of the cavalry's "great raids," that across the Sabine River in the Louisiana maneuvers in 1940.

² Perhaps this will be better understood if a modern analogy is cited—the substitution of missile for manned aircraft, for example.

and sword, even if one took into serious account the last ditch defense of it, to wit that it was "always loaded"? Finally, and here one comes to the most burning question in any issue of military policy—the effect of change on morale. If the cavalry were deprived of its cold steel, would it lose that fine edge of morale, that élan without which of course it simply would not be "cavalry," no matter what its mission?

There should have been some way to learn through experience just what could and could not be done with the cavalry with and against the new weapons. There were, after all, two wars of some importance during the period under consideration—the Boer War (1898-1901) and the Russo-Japanese (1904-1905). In both, cavalry and repeating and automatic weapons were used. Each fall, moreover, there were great maneuvers in each country of Europe. Present at each were foreign observers with, at least by modern standards, a free run of the field of action. Why was it then that there could be no final decisions on these matters?

The answer lies in the number of variables.³ For instance, before the problem of the cavalry armament could even be tackled, the difficult question had to be answered as to what the rapid-fire weapons could do and should be doing.

There was agreement that a given weapon *if* kept supplied with ammunition, could be fired for a given period of time, *if* it could be kept in action, i.e., was *not* knocked out by, say, long-range artillery fire, at a certain rate of fire, and that the firing might or might not be worthwhile depending on the availability of targets, i.e., enemy tactical doctrine. In short for each demonstrable fact there was an awkwardly intangible "if" which could neither be properly accounted for nor possibly forgotten.

If into the balance of judgement concerning the machine gun was thrown the urgent problem of its resupply and its vulnerability to long-range artillery fire, then a rational conclusion might be reached that the weapon was primarily defensive in character and should be dug into the earth, into a well sandbagged bunker, there to pour forth its withering fire into an attacking force. Yet if, on the other hand, it was concluded that the withering fire of the weapon made it ideal to use on the surprise target, the target

³ And it must be made quite clear that the Univac, had it been available, would not have been of much greater use than that it is currently in deciding the worth of the Naval Aircraft Carrier in the supersonic age.

of opportunity on the enemy flank, then the weapon became offensive.⁴ If an offensive weapon, then the machine gun could well be designated a cavalry weapon. If defensive, then was it not an infantry, or even an artillery weapon? Of course this initial decision was a serious one for it might well determine the future of the weapon. Once assigned to an organization, a branch or arm of a service, it was at least likely that the weapon's development would be stunted except in line with the mission of the unit to which it was assigned.

Within the military staffs of all nations the machine gun raised many more problems than it solved—as can be expected of any new weapons system. These problems were, furthermore, broadly intellectual rather than narrowly technical. Indeed the mechanical improvement of a given weapons system is usually less urgent and almost always less baffling than deciding a proper and fitting target for it, and then solving the galaxy of problems of organization and control which hinge on this basic decision. Perhaps the fact that there are such agonizing reappraisals of organization and doctrine in the light of new invention only after what seems in retrospect the most reprehensible time lag, whether it be a matter of horse cavalry or smallish atomic loads, may best be explained as being due to the enormous difficulty of predicting the future. For the future of war can only be constructed on the basis of enemy capabilities in unstable combination with a guesstimate as to his intentions. This also explains why each nation maneuvered against itself each fall, dividing itself into Red Forces and Blue Forces, each of which was endowed with the same characteristics as the other, instead of trying another nation's tactics against itself. The latter was simply too difficult. For the cavalry to have to think about automatic weapons was understandably tortuous and time-consuming.

So in the period between 1900 and 1914 the immediate problem was to conceptualize the mission or missions of the machine gun and the tactics of the new clip-fed, bolt-action rifle and the automatic gun. The second problem was to decide the future

⁴ In more recent times both tank and plane have been the subject of the offensive-defensive debate. The dénouement of tank theory occurred during the course of the battle of France in the spring of 1940. For a discussion of machine gun theory see G. S. Hutchison, *Machine Guns, Their History and Tactical Employment* (London, 1938), Chapter IV, particularly at p. 78.

tactics and armament of cavalry in view of the concept arrived at. What actually happened was that the new was absorbed into old organizational and tactical concepts, and nothing of the old was rejected. The reasoning from country to country may, however, be of lasting interest. The matter of the cavalry *charge* provides an excellent focal point.

THE CHARGE

It is hard to see where there was room for claim and counter-claim in so substantive an issue as this—the charge of a wave of horsemen, gaily colored (except in the United States), helmets shining, plumes flying, sabers drawn or lances at the ready. Surely a comprehensive and conclusive study of the charge and its role, if any, in modern war was not outside the bounds of logical possibility. Yet just as it was impossible in the 1930s to analyze the role of the battleship in the air age and is now impossible to assess the relationship between the naval aircraft carrier and the nuclear bomber, so it was impossible to evaluate the charge—and for much the same reasons.

The reasons why the charge was continued varied from one country to another. But basically it was continued because the cavalry liked it. In virtually all countries the cavalry was a club, an exclusive one, made up at the officer level of those who could afford to ride when young, hunt, dress and play polo when older. The impression that one absorbs from contemporary cavalry reviews, from the pictures, the social columns, the interests expressed in the less than serious articles, together with the portrait of the cavalryman in the contemporary novel, is of a group of men who were at once hard-riding, hard-drinking, and hard-headed. Its leadership was derived from the countryside rather than from the city. The cavalry was the home of tradition, the seat of romance, the haven of the well-connected. New York City's Squadron A, the proud majors in the Prussian Cavalry Reserve, the French Horse Breeders' Association, all had a built-in loyalty to the cavalry, and if the Chief of Cavalry said that the charge was still feasible, he had important backing. So it was that in Europe the charge was still considered not only feasible, but a future way of war.

American cavalymen, however, thought that European cav-

alry had much to learn. And in many respects the U.S. "Red Necks" were quite the most realistic of the world's cavalries in the period just prior to World War I. To be sure, they retained the saber charge, executing it with the same straight saber, a thrust weapon, used by the Canadian cavalry. But in the years from just before World War I until just after World War II the U.S. Cavalry preferred to practice the charge with the Colt semi-automatic .45 pistol.⁵ (The pistol charge was never actually used in battle. The last battle charge of the U.S. Cavalry seems to have been in the Philippines during the insurrection of 1901.) Of course it might be argued that to put a .45 in the hands of a man on a horse was simply to mount the inaccurate on the unstable, but given the argument that the essence of the charge was its psychological impact, the sound of the .45 might have had an effect comparable to the sight of saber or lance.

But what the U.S. Cavalry did have that others did not was a genuine appreciation of the importance of dismounted action. It is this which is given the more elaborate treatment in the regulations, and it is this that the trooper really expected to be the rule in combat. But was this the result of a thoughtful analysis of the new weapons or something else?

Certainly the articles in the *Journal of the U.S. Cavalry Association* are the most sophisticated in regard to the new repeating arms and their impact on cavalry. In the years just after the turn of the century the great argument in U.S. Cavalry circles was whether or not the saber should be retained at all.⁶ But it seems to have been generally admitted that while "Mounted charges may yet be used on rare occasions when the enemy is demoralized, out of ammunition, or completely taken by surprise . . .," nonetheless "for cavalry to make a mounted charge against enemy troops who are dismounted and armed with the present

⁵The Cavalry drill regulations remain fascinating reading for those with a technical interest. See, for example, *Cavalry Drill Regulations, United States Army* (Military Publishing Co., New York, 1916). See also the 1940 edition of *Cavalry Combat* (New York, 1940).

⁶See, for example, G. H. Morgan, "Mounted Rifles," *Journal of the U.S. Cavalry Association*, (JUSCA) Vol. 13, No. 47, January 1903; "Comment and Criticism," JUSCA, Vol. 13, No. 48, April 1903; James Parker, "The Retention of the Saber as a Cavalry Weapon," JUSCA, Vol. 14, No. 50, July 1904; and particularly for the pros and cons on opposite sides of the page, JUSCA, Vol. 14, No. 52, December 1904. This presents a particularly interesting study in conflicting expectations.

magazine gun, would be to seek disaster."⁷ The corollary that "... the trooper must bear in mind that in fighting his carbine is his main reliance"⁸ was also accepted.

Were it not that certain European cavalry groups were at the time tending to reject the thesis to which the U.S. subscribed, there would be nothing in any way remarkable about the U.S. position, so patently obvious and right does it seem in retrospect. Yet in the early nineteen hundreds U.S. doctrine was different, and hence needs a word of explanation.

The U.S. cavalryman had a tradition quite different from that of any of the Europeans. He had always done the bulk of his fighting on his feet. Therefore there was no break in tradition for him to recognize the revolution in firepower for the great change it was. Cavalry during the Civil War most frequently fought dismounted, although clashes between cavalry were fought with the sword, and in the wars against the Indians cavalrymen also dismounted to fight with the aimed accurate fire quite unattainable on horseback. Horses were considered transportation, and the ground was considered a respectable substance on which to fight a battle. U.S. cavalrymen did not feel morally obligated to die on a horse—which European cavalrymen did. In short, the U.S. Cavalry reacted to the new firepower as it did because its history and its tradition made it quite natural for it to do so. In Europe the cavalry history of the U.S. Civil War was scarcely known until the very late nineteen hundreds, and hence the relevance of that war to cavalry problems was largely overlooked.⁹ Or given European experience and tradition, would a study of the Civil War have made any real difference?

Of all the cavalry arms of the world that which seems in retrospect to have been the furthest behind the times was that of the German Empire. The German Cavalry had adopted the lance for all ninety-three of its cavalry regiments in 1890 instead, as was true in the mid-nineteenth century, of having only one in four so armed. The lance was, of course, much more than a shaft of wood taller than a man, one tipped with steel and pennant

⁷ "Comment and Criticism," *JUSCA*, Vol. 13, No. 48, April 1903, p. 720.

⁸ *Ibid.*, p. 721.

⁹ In this connection see Jay Luvass, "G. F. R. Henderson and the American Civil War," *Military Affairs*, Vol. 20, No. 3, Fall 1956, pp. 139ff., particularly at p. 146.

decked: a lance was a state of mind. And it was a reminder that those who carried it still believed that the cavalry really was an arm to be reckoned with.¹⁰ So committed indeed was the German Cavalry to its use in a charge that the most vocal of the defenders of the lance and the outstanding author on cavalry matters, General von Bernhardt, felt he had to warn the country that "In spite of the increased importance this form of fighting (i.e., with a rifle) has acquired in modern war, our cavalry has not yet paid anything like the amount of attention to the subject that it deserves." Then he went on to say that "Almost everywhere it is treated as of quite minor importance, and many cavalrymen still close their eyes to the view that, without a training at once as thorough and earnest for dismounted action as that bestowed on the arm to fit it for its mounted duties, modern cavalry will hardly survive the trials it will encounter in the future."¹¹

Why was it that such serious students of war as the Germans are reputed to have been were in general quite so oblivious to the impact of the new firepower? There seem to have been several reasons. The first and most important was the attitude of Emperor William II towards cavalry. A young U.S. Cavalry lieutenant who witnessed German maneuvers in the fall of 1903 was frankly appalled by it. He noted the total lack of realism in the great rolling charges of the cavalry against both rifle and artillery. And he noted too the fact that the Kaiser was so proud of his cavalry that his umpires, knowing their place, pronounced the charges successful!¹² In Germany, in short, the well-known penchant of the Emperor for the charge undoubtedly did much to insulate the Germans from any serious thought of change.

There was, however, another reason as well. Even after seeing machine guns fired in the late 1880s, the German General Staff

¹⁰ There are a number of interesting articles on the lance which are of much more than antiquarian interest. See, for example, Charles Ffoulkes, "The Lance," *Army Quarterly*, Vol. 17, No. 2, January 1929, pp. 91ff.

¹¹ Lt. Gen. Frederick von Bernhardt, *Cavalry in Future Wars* (London, 1909), p. 248. For a comment on German dismounted cavalry in the Franco-Prussian War see G. T. Denison, *A History of Cavalry* (2nd ed., London, 1913). Denison was one of the earliest of those who recognized the meaning of the new firepower to the future of cavalry.

¹² Frank R. McCoy, "Notes of the German Maneuvers," *Journal of the U.S. Cavalry Association*, Vol. 14, No. 49, January 1904, p. 27. Although he denied it, Hindenburg was rumored to have retired early because in 1908 he let the corps which the Kaiser commanded lose the battle. John W. Wheeler-Bennet, *Wooden Titan* (New York, 1936) p. 5.

refused to take them seriously.¹³ Their reason lay in their misreading of their own experience with the *mitrailleuses* during the war of 1870-71 when these were badly misused. The fact that past experience happened to be irrelevant did not make it any less important, however, and it was not until 1908 that the machine gun was given the serious attention in Germany that it so obviously deserved.¹⁴ Even then it was only the infantry that recognized the importance of the new automatic weapons. Cavalry units, although armed with them, did not take them very seriously. German cavalry went trotting off to war in 1914, penons flying from their lances, just as units of French infantry went off to war in red trousers, and for much the same reason: psychological effect. For the real effect of cavalry was, when on the charge, a psychological one, and was generally admitted as such. It was the role of the charge to break the enemy's will, and what could do this more effectively than a charge by lancers? The same argument was used by those who wanted to keep the infantry in red pants. They advanced the proposition that the sense of belonging was the essence of group spirit, and group spirit in turn was the touchstone of the will to fight, the ingredient that won battles. They added the corollary that nothing gave units the sense of oneness that did red trousers, and that therefore camouflaged material would actually sabotage national security. Red pants and lances were both subject to this unshakable *quod erat demonstrandum*.

So tradition, personal predilection, and misinterpreted past experience kept the cavalry charge alive in Germany. The experiences of the British after the Boer War likewise suggests how difficult it is to test the relevance of one's own experience in war.

THE RELEVANCE OF EXPERIENCE

From the end of the Boer War to the beginning of World War I the great debate in the British Cavalry, as in other countries, dealt with the retention of the lance and the charge. The arguments put forward for their retention inevitably raise the question of whether faith was not interfering with reason. The charge is a heroic gesture, and its success depends on each cavalryman's faith that he is invincible. Indeed the problem of faith is present in

¹³ Hutchinson, *Op. Cit.*, p. 55.

¹⁴ *Ibid.*, p. 120.

all military affairs: The soldier has to believe that he *can* in order to *do*. He must be taught to believe that there are no limitations. By his very training then the military man finds it hard to perceive limitations when such there are, let alone acknowledge them. Experience should be a valuable teacher, yet experience is not always relevant.

A U.S. Cavalry officer noted on a trip to Aldershot in 1903 that "Every change is made entirely with reference to the Boer War and the Boer country, as though future wars would be fought under the same conditions."¹⁵ But what this observer should also have noted was that there was a wide division of opinion as to just what that war proved, and how genuinely relevant it really was. This problem of the interpretation of experience was not a new one in the historiography of military operations, and is a continuing one. When, after all, is a war or even a battle an aberration from an established norm? And who is to say with any precision just what a "norm" is? When war is won in a battle rather than in a series of battles, such a norm could be established with some semblance of reality. But by its very nature modern war is made up of a series of battles, a cumulative effect. Battles, if not war itself, are decisive in only a limited sense.¹⁶ Furthermore, it has been increasingly true in wars from the Civil War to the Korean episode, that what is the correct doctrinal application of force in one area at one time is not always correct for some different time and place. But the very urgency of having a doctrine to teach, of having to write regulations to insure that degree of unity of approach without which no hierarchy can be fully effective, has militated against that flexibility of thought which is only realistic given the differing circumstances under which battles are fought in modern war.¹⁷

Like other modern wars the Boer War was made up of a series of actions no one of which was decisive. The Boers, fine shots and fine horsemen, used their horses as transportation. In effect they fought as mounted infantry, employing the mobility of the horse in combination with the aimed firepower of infantry. They

¹⁵ Frank R. McCoy, *Op. Cit.*, pp. 30, 31.

¹⁶ See the suggestive essay on the indecisiveness of war in John Holland Rose, *The Indecisiveness of Modern War and Other Essays* (London, 1927).

¹⁷ Thus German air-tank doctrine won the battle of France and made it possible for Hitler to dance his jig at Réthondes. But this same doctrine never took the Nazis to Omsk and was irrelevant to the problem of taking London.

possessed all the advantages of great space and a friendly and embattled population, and the British were hard put to it to bring them to terms. But these were virtually the only points on which there was any agreement whatsoever. What did the facts mean, if anything?

Two of Great Britain's best known military figures, Lord Roberts, the British Chief of Staff, and Field-Marshal Sir John D. P. French, Cavalry Commander in Africa and, in 1914, Commander-in-Chief of the British Expeditionary Forces, led two factions within the army whose views of the future of cavalry were in direct opposition.

The Right Honorable Field-Marshal Earl Roberts placed the *imprimatur* of his authority on a book called *War and the Arme Blanche* by one Erskine Childers. In his introduction to this book Lord Roberts set forth his basic beliefs. From thence forth Mr. Childers supplied the footnotes, so to speak, for those who thought as did Lord Roberts and opposed Sir John. Mr. Childers was a man who led a curiously romantic life—running guns into Southern Ireland, winning the D. S. C. with the Royal Naval Air Service, becoming a Sinn Féiner, and dying before a firing squad. But in his time he was quite an able historian. He wrote a volume of *The Times History of the War in South Africa*, and his *The Riddle of the Sands* is still read. But it is as one of those very rare people, the military critic who proved right, that Mr. Childers deserves a generously dimensioned niche in history.

Lord Roberts believed simply that the "main lesson" to be learned from the Boer War and the Russo-Japanese War was that "knee to knee, close order charging is practically a thing of the past." He qualified his opinion somewhat. "There may be, there probably will be, mounted attacks, preferably in open order against Cavalry caught unawares, or against broken Infantry," he wrote. But even these mounted attacks, he said, should be carried out with the rifle, rather than with steel.¹⁸ These ideas he actually wrote into the British regulations, *Cavalry Training*, in 1904.

In both Childers' *German Influence on British Cavalry* and in his *War and the Arme Blanche* the details can be found which from his point of view and Lord Roberts' justified their position,

¹⁸ Erskine Childers, *War and the Arme Blanche* (London, 1910). With an introduction by the Right Hon. Field-Marshal Earl Roberts, V. C., K. G., p. XII.

against the charge and the lance and in favor of the rifle. The general argument, as one can imagine, was first that lances and sabers were not killing men in war, and, second, that infantry and mounted infantry were killing, when dismounted, cavalrymen. Three wars, the U.S. Civil War, the Boer War, and the Russo-Japanese War, were cited as proof of the contention. In retrospect this point of view hardly needs explanation. It seems quite obvious to think that the armaments which took the warrior off his feet and put him on his belly would by the same token take him off his charger and put him on the ground.

For a time Lord Roberts was Commander-in-Chief of the British Army, and his views were thus imposed for a brief moment on the generals. What this meant in effect was that the lance disappeared in Britain between 1903 and 1906. But Lord Roberts proved unpopular, and as is the way with unpopular leaders, he was eased gently out of office in quite short order, to become a disturbing shadow amongst their eminences in the House of Lords. And the lance came back into use in 1906 to remain for better than two decades—until 1927, to be precise.

Sir John French, an officer whom one of the most distinguished of Great Britain's War Secretaries, Lord Haldane, called "a real soldier of the modern type"¹⁹ was an old Hussar. He had entered the army through the Militia and had thus avoided Sandhurst and the mental training this would have involved. For Sir John the experience of the Boer War was disturbing only because a number of his colleagues had been disturbed by it. As he thought over this experience, his final assessment as of the very eve of World War I was that "It passes comprehension that some critics in England should gravely assure us that the war in South Africa should be our chief source of inspiration and guidance, and that it was not normal."²⁰

The Field-Marshal's reasoning was very simple. First, he said, "The composition and tactics of the Boer forces were as dissimilar from those of European armies as possible," and he added that "Such tactics in Europe would lead to the disruption and disbandment of any army that attempted them."²¹ Second, he noted

¹⁹ Richard Burdon Haldane, *An Autobiography* (London, 1929), p. 295.

²⁰ General Fredrich von Bernhardi, *Cavalry*, (New York, 1914), with a preface by Field-Marshal Sir J. D. P. French, p. 9.

²¹ *Ibid.*, p. 9.

that in South Africa both unlimited space and the objective of complete submission of the enemy made it a most unusual war. Third, he maintained that the British had not at the time developed proper means for remounting the cavalry with trained horses.²² But to say this is really to say nothing at all. It is only by uncovering Sir John's basic premises that there is really any possibility of understanding his view of his own experience.

Perhaps Sir John summarized his own thinking best when he wrote sometime during the course of 1908 that "The Boers did all that could be expected of Mounted Infantry, but were powerless to crown victory as only the dash of Cavalry can do."²³ It was the "dash of Cavalry" of which Sir John was thinking. There is ample evidence to document the point. If cold steel were thrown away as "useless lumber," he wrote, ". . . we should invert the role of cavalry, turn it into a defensive arm, and make it a prey to the first foreign cavalry that it meets, for good cavalry can always compel a dismounted force of mounted riflemen to mount and ride away, and when such riflemen are caught on their horses they have power neither of offence nor of defence and are lost."²⁴ Based on this analysis of the effect of rapid fire on mounted cavalry action, he deduced that the proper role of cavalry was first to fight the battlefield's greatest threat, i.e., the enemy cavalry. "The successful cavalry fight confers upon the victor command of the ground."²⁵ This, he said, was a job for cold steel. Only when the enemy cavalry was out of action did he think that the cavalry would rely more on the rifle than on steel—which is not to say that he ruled "out as impossible, or even unlikely, attacks by great bodies of mounted men against other arms on the battlefield."²⁶

So it was that Sir John and his followers decided that the experience of recent wars was irrelevant. The Boer War was not relevant because it had not been fought in Europe and because the Boers had not been armed with steel as were cavalries in Europe. The war in Manchuria between the Russians and the

²² *Ibid.*, pp. 10 ff.

²³ From his introduction to the English edition of Lt. Gen. Frederick von Bernhardi, *Cavalry in Future Wars* (London, 1909), p. X.

²⁴ Bernhardi, *Cavalry*, *Op. Cit.*, p. 11.

²⁵ *Ibid.*, p. 13.

²⁶ *Ibid.*, p. 15. See also A. P. Ryan, *Mutiny at the Curragh* (London, 1956), pp. 97-100 for a further elaboration of Sir John's views.

Japanese was irrelevant not only because it had not been fought in Europe, but also because the cavalry used there had been badly mounted, rode indifferently, and, above all, were poorly trained, i.e., in dismounted principles. "They were," wrote Sir John, "devoid of real Cavalry training, they thought of nothing but of getting off their horses and shooting. . . ."²⁷ From one principle, note, Sir John never deviated: *Unless the enemy cavalry was defeated, the cavalry could not carry out its other responsibilities.* And there was a corollary of this, to wit: "*Only cavalry can defeat cavalry,*" cavalry being defined of course as "a body of horsemen armed with steel."

Sir John, however wrong he may have been in his estimate of the firepower revolution of his day, made one point of real consequence when he insisted that the cavalry should keep its mind on a war likely to be fought—which a war in Manchuria, the United States, or South Africa was not. To talk about wars which are likely seems eminently sensible, although there are times when the unlikely ones are given rather more attention than they warrant depending on what set of premises are in search of some wider acceptance.²⁸ To cite a recent example, the war in Korea in 1950-52 provided what seemed to the U.S. Air Force to be irrelevant experience because bombers were not effectively used. To the U.S. Navy and Marine Corps, on the other hand, it seemed very relevant indeed because Korea was a peninsula admirably suited to the projection of naval power. To the U.S. Army it presented a whole new way of thinking: that limited war involving ground troops might well be the way of the future despite and because of the horrors of nuclear exchange.

THE LIMITS OF A WEAPONS SYSTEM EVALUATION

But even if history in terms of recent war experience seemed irrelevant for one reason or another to the problem of the charge, it is hard to believe that war is a science so limited that means could not be found to test in practice the effectiveness of the charge, that a conclusive study could not be made of charges made in a variety of patterns, in different formations, and with

²⁷ Bernhardt, *Cavalry in Future Wars*, *Op. Cit.*, p. XXIII.

²⁸ The difficulty is readily admitted that wars seem either "likely" or "unlikely" depending upon whether the perspective is past or future.

different weapons against simulated "enemy formations." But the simple truth is that nothing is more difficult to test than a weapon's effectiveness. (This should be patently obvious to anyone who, during the late 1950s, troubled himself to inquire into the missile development claims of the several U.S. armed services.) Maneuvers, like wars, take place after all under certain sets of conditions, and who is to say, therefore, what is their meaning?

There is a grievously large number of intellectual stumbling blocks in first setting up and then later evaluating any test experience. For example, during the summer of 1936²⁹ the U.S. Infantry maneuvered against the U.S. Cavalry at Fort Benning, Georgia. As the problem started, the cavalry rode and the infantry trucked to the given maneuver area. The motor vehicles being rather faster than the horses the infantry had ample time to get into position first. This proved a most frightening advantage. The infantry, well camouflaged, waited with some excitement while the cavalry were allowed to pass concealed forward infantry units. Only when the advance units of cavalry hit the main units of infantry did the infantry's stratagem become apparent. It was at that moment that the infantrymen rose shouting from entrenched positions waving bed sheets. The horses thought their Day of Judgement had arrived as ghosts rose over the battlefield, and what followed is best left to the imagination.

To infantrymen the maneuver proved conclusively that trucks gave the infantry a mobility with which the cavalry could not hope to compete and that when minus multicolored uniforms and not drawn up in drill formation, the infantry made unsatisfactory cavalry targets. Yet to the cavalymen—and this raised a furor that still stays in men's minds—the whole exercise only proved that infantrymen were practical jokers. The problem, that is to say, of "proving out" doctrine in the field of maneuver is distressingly difficult.

Essentially the problem lies in one's estimate of that appalling obscurity, "the nature of man."³⁰ The cavalryman knows, as he charges "the enemy designate," that if this were really the enemy, he would be quite too frightened to fire accurately. And he

²⁹ The story is from eye-witness reports and there is a date problem.

³⁰ Compare, for example, the U.S. airman's view of the Russian's will to resist, as demonstrated in testimony before Congress, in the Journals, and elsewhere, with that of the U.S. infantryman.

knows this because it is part of a credo without which he could never be induced to charge in the first place. Therefore the "effect of fire" becomes a subjective instead of an objective judgement, mitigated by one's belief in a concatenation of other effects—of surprise, of fear, of the use of the defilade. So while all will call for more realism in testing,³¹ getting a consensus as to what "realism" is, more frequently than not, quite outside the realm of possibility.

FACTORS IN INSTITUTIONAL SURVIVAL

The Role of History. On the morrow of victory after World War I, a member of the House of Commons rose to criticize the Secretary of War, Mr. Winston Churchill. He noted that the cavalry was at "practically the same figure as before the war, and yet if I should have thought anything had been proved by the War, it was that cavalry was less useful (than) we had previously thought it was going to be."³²

Shortly thereafter, in 1930 to be precise, there appeared a history of the French Cavalry in the World War by a Professor of Tactics at l'École Militaire et d'Application du Génie, a most prolific writer by the name of Capitaine F. Gazin. The next to the last paragraph reads as follows:

Today, really more than yesterday, if the cavalry is to have power and flexibility, following along with technical progress, it must have horses with better blood lines, cadres filled with burning faith, and above all well trained troops conscious of the heavy weight of past glory.³³

There would seem to be no reasonable doubt but that in the minds of the doughboy, the *poilu* or Tommy Atkins, the day of the horse was over. The cavalryman had been called a number of things during the war, "Pigsticker," the "Rocking Horseman," etc., which indicated what the infantry thought of his contribution. But to the cavalryman himself the cavalry was not dead, and the history of the Great War was never written really in mean-

³¹ As, for example, Sir John French's plea in an appendix on "Cavalry at Peace Maneuvers": "It is in my opinion impossible to go too far in the direction of making conditions resemble as much as possible those of actual warfare . . ." Bernhardt, *Cavalry, Op. Cit.*, p. 233.

³² 125 *H.C. Deb.* 25, pp. 1366 ff.

³³ F. Gazin, *La Cavalerie Dans La Guerre Mondiale* (Paris, 1930) p. 325.

ingful terms. To him the role of the horseman in the victory became swollen with the yeast of time. Indeed, in cavalry historiography, the role of the horse in World War I was most emphasized at that moment in time when the cavalry was most threatened in army reorganization plans, between 1934 and 1939.³⁴

The cavalry had been used in the First World War. The Germans used it extensively on that last stronghold of the cavalryman, the eastern frontier. The British and French used it extensively in 1914 during the retreat from Le Mans during late August and early September. Indeed the largest item of export from Great Britain to its forces on the Continent for the war as a whole was horse fodder³⁵—which goes to show that the expression "eat like a horse" is a simile of substance! For the most part the cavalry fought dismounted, but it did fight mounted as well. It did charge machine guns. In one case the Canadians charged a group of German machine guns, and came out unscathed, so great was the surprise achieved when the horsemen charged, blades bared. And it was used mounted as late as 1918. Indeed this claim has been made for its work at that time—by a cavalryman: "It may or may not be true to say that we (the allies) should have defeated the Germans just the same in the autumn of 1918, even without our cavalry. But it is certainly true that, had it not been for that same cavalry, there would have been no autumn advance at all for the Germans would have defeated us in the spring."³⁶

But the campaign which did more to save the horse cavalry than any other was not fought in Europe at all. It was fought on the sands of Palestine, at Gaza, at Beersheba, at Jerusalem, and it was fought in part, and indeed in large part, with the lance. It was as dashinglly romantic as anything that happened during that singularly drab war, and strong drink it was to the cavalry.³⁷ In

³⁴ To illustrate see Lt. Col. T. Preston, "Cavalry in France," *Cavalry Journal* (British), No. 24 (1934), pp. 167 ff., 338 ff., 496 ff., No. 25 (1935), pp. 7 ff., 165 ff., 332 ff., 489 ff.; No. 26 (1936) pp. 1 ff.; Général Requichot, "La 4e Brigade Légère du 30 juillet au 5 octobre 1914," *Revue de Cavalerie*, No. 49 (1939), pp. 159, 261; Lt. Col. A. G. Martin, "Cavalry in the Great War," *Cavalry Journal* (British), No. 29 (1939), pp. 131 ff., 264 ff., 437 ff.

³⁵ G. C. Shaw, *Supply in Modern War*, (London, 1938), p. 133.

³⁶ Preston, *Op. Cit.*, No. 26, p. 19.

³⁷ For a description see Sir Archibald Wavell, *Allenby, A Study in Greatness* (New York and London, 1941) pp. 186 ff.

a sense it kept the cavalry going for another quarter century. There was irony in this for the most eager of the cavalrymen, men of the stamp of Sir John French, had for a decade defended the cavalry regulations on the basis of the forecast of their utility for the big war on the continent, only to have the cavalry successfully used only on the periphery of the great battlefields.

So experience, that most revered of teachers, continued to couch the "lessons" of war in a certain studied ambiguity. The horse retained that place in warfare which it had had for a thousand years—in the minds of its military riders.

Mission Justification for the Future. 1920-1940. On the eve of World War II the General Officers of the U.S. Army were, next to those of Poland, Rumania and possibly the USSR, most convinced of the continuing utility of the horse. The French had four divisions of mixed horse and mechanized cavalry. The Germans had a debated number of horses and mechanized cavalry, for use largely as reconnaissance. The British were converting from oats to oil as rapidly as possible.

A number of problems immediately present themselves. A first very general question must be asked of the cavalrymen themselves: What did they consider their mission to be in the period between 1920 and roughly 1935 when the development of both plane and tank had reached the stage at which their future development could be foreseen with some clarity, and at which therefore some reasonable readjustment of forces to the fact of their existence could be expected. How can one account for those great differences in thinking between the responsible staffs of the larger nations during the years between 1935 and the outbreak of war in 1939?

With the introduction of each new weapon into the arsenal of any power the future is more difficult to see than it was previously. Each of the four revolutions in warfare which have occurred in this century have made policy determination that much more difficult. One of the reasons for this is that each new weapons system is so quickly idealized by those who control it. Those situations which frustrate its usefulness are left for those out of control to exaggerate. The bomber pilot remembers that he can destroy the hub of industry, and forgets that he has only a very limited capacity to win a war against a self-sustaining countryside.

He thinks of Germany rather than of China. The tankman remembers the plains cut by roads and forgets the jungles cut by rivers. The anti-whatever-it-is-man—the anti-tank, the anti-air—thinks of the power of the defense over that of the offense. The crystal ball has been shattered by technology. It was fractured by 1900, but this only became quite evident after the First World War.

The basic argument of the cavalymen in their journals and in their manuals in the period between the great wars was an absolutely sound one. They argued in essence that new weapons obviated only those with like characteristics. They argued that while a better tank scrapped a worse one, the tank as a weapons system could not replace the horse until such time as it could perform all the missions of a horse. Whether these missions were worthwhile was seldom considered.

Many of the arguments which cavalymen of all nations advanced to substantiate their claims as to their future role in war will be recognized by any student of recent military history as a version of what one can only describe as standardized clap-trap. One was the argument that, since most of the world was roadless, "To base our transportation needs solely upon conditions existent in the comparatively tiny proportion of the earth's surface containing roads . . . is putting too many eggs in the same basket."³⁸ This will be recognized as a cavalry variant on the navy contention that "since the world is 60 per cent water . . .," and the air contention that "since air surrounds the earth and the shortest distance between two points. . . ." Another argument familiar to all military historians came up again and again in the journals. This one was to the effect that mechanical aids and auxiliaries end by neutralizing each other, an argument which in its most outrageous form had the anti-tank weapon returning the battlefield to the horse.³⁹ "It is quite within the bounds of possibility that an infantry anti-tank weapon may be produced which will make tanks useless as weapons of attack," wrote one enthusiast⁴⁰

³⁸ Major Malcolm Wheeler-Nicholson, *Modern Cavalry* (New York, 1922), p. VII.

³⁹ Anonymous, "Oil and Oats," *Cavalry Journal* (British), Vol. 28, No. 107, Jan. 1938, p. 31; Col. Sir Hereward Wake, "The Infantry Anti-Tank Weapon," *Army Quarterly*, Vol. 17, No. 2, Jan. 1929.

⁴⁰ Wake, *Op. Cit.*, p. 349.

in a vein not unlike that used by airmen against seamen at roughly the same moment in time. The difficulty of supplying tanks was brought up as the supply problem is brought up as a limitation on each new weapons system.⁴¹ And, of course, the essentially experimental nature of tanks—"as yet untried" is the term—raised its head perennially and everywhere.

But there were other problems and more serious ones. If the tank could be made to replace the cavalry on the charge, did that mean that the tank could take over all the other cavalry missions: reconnaissance, raids, flank protection in rough country? Could the plane be made to supplement the tank in such a way that the two used in combination could effectuate a complete substitution for the horse? Or would some kind of combination of horse and tank, and plane and tank be a future necessity? And if this were so with whom would the control lie, with tankmen or horsemen or pilots? And finally if this was a problem of phasing out the horse, what factors should govern the timing of this phasing?

These questions do not seem to have been asked with any precision largely perhaps because they edged too closely on the emotion-packed matter of prestige, on the one hand, and on an essentially insoluble organizational problem on the other. Naturally armor wanted maximum independence as do those who service and fire any weapon. The tankman wanted a command of his own, just as the machinegunner wanted his own battalion, the artillery its own regiment, the horse cavalry its own division and the airman his own service. And this is logical for in a decentralized structure growth is faster as imagination is given a freer rein. But the difficulty is that, war being all of one cloth, each weapon component also wishes to control elements of the others. And this is why the sparks flew between arms in the period between the World Wars, and before the First and after the Second. Where, as in Germany and Great Britain, armor was given its independence, it thrived. Where, as in the United States and Poland, the Cavalry (Horse) remained in control, tank doctrine never grew roots. But where, as in France, mechanized and horse were joined together in what at first blush seemed to be a

⁴¹ Lt. F. A. S. Clark, "Some Further Problems of Mechanical Warfare," *Army Quarterly*, Vol. 6, No. 2, July 1923, p. 379.

happy marriage, a unity was forced which was pitifully inadequate from every standpoint.

For the man on the horse there was much greater difficulty in understanding the tank than in understanding the rapid fire weapon. Perhaps this could be expected since tank and horse were competitors for the same missions. Certainly the limpid eye and high spirit of the one and the crass impersonal power of the other was enough to render partisans of the one quite helpless when it came to understanding the military views of the other,⁴² quite as helpless indeed as the seabased fighter is to understand the landbased or the airbased and their view of world geography.

Practicality and the Concept of the Balanced Force. One finds the horse cavalryman making the same points over and over again. He stressed the tanks' need for spare parts, without taking into consideration that one of the greatest difficulties of the cavalry was that horses do not have spare parts.⁴³ He stressed the lack of mobility of the tank along mountain trails without mention of the appalling problem of getting horses overseas—they have a tendency to pneumonia, together with a soft breast which becomes raw and infected with the roll and pitch of the ship.⁴⁴ Whereas the point was occasionally made that the Lord took care of the resupply of horses—i.e., that while factories could be bombed out, sex could not—no mention was ever made that in

⁴² This was not always so. The U. S. General George S. Patton is on record as wanting a division of horse cavalry to an army as late as 1944. "In almost any conceivable theater of operations, situations arise where the presence of horse cavalry . . . will be of vital moment." Major P. D. Eldred, "Are Horses Essential in Modern War?" *JUSCA*, Vol. 53, No. 3, May-June 1944, p. 3. Compare the attitude expressed here to Marshal Weygand's in his *Mémoires, Idéal Vécu* (Paris, 1953) at p. 80. How much did his filly, La Houzard, and the remembrance of his days as an instructor at the French Cavalry School have to do with the French Army's inability to understand the role of Tanks? Gen. Gamelin called him the "natural defender of cavalry." *Servir* (Paris, 1946-7) Vol. 1, p. 254.

⁴³ General Riley of Missouri managed to get a good many of the ailments of a horse into what is believed to be the most defamatory military judgment on the politician presently extant. "The people," he said, "have been fed on buncombe, while a lot of spavined, ringboned, ham-strung, wind-galled, swine-eyed, split-hoofed, distempered, poll-eviled, pot-bellied politicians have had their noses in the public crib and there ain't enough fodder left to make gruel for a sick grasshopper."

⁴⁴ During the conflict in Korea in 1950-51 there was an uproar for cavalry by those who envisioned their usefulness there and forgot the problem of transportation—an item which, frequently, is the last remembered.

wartime as in peace. He still took four or five years to produce each animal. And, finally, although the horse was claimed to have certain immunities to gas warfare,⁴⁵ the peculiar problems of getting gas masks on the poor beasts were omitted.⁴⁶

Yet whether partisans were ankle deep in the sands of prejudice or not, there were certain aspects of the relationship between horses and planes, and horses and tanks which were so obvious that they could hardly be missed. However low and slow it flew, the plane would not be a substitute for a still lower and still slower man on a horse. And the plane could not penetrate forests and neither, within limits, could tanks. So there was, and indeed there still is, a gap between what the horse can do and what the plane and the tank can do. But admitting the gap, there still remained the most vexing problem of all, to wit whether that gap was worth filling and if so how. And this was something which each general staff decided somewhat differently and for itself.

The U.S. Cavalry was, in retrospect, as retrogressive in 1940 as it had been progressive in the years before World War I. It had never crossed the sea during World War I due to transportation difficulties,⁴⁷ and spent its war chasing Mexicans. But it shared every confidence that its future role would be everything that it had not been in the recent past. As of 1940 it labored under the most embarrassing of illusions. The U.S. Cavalry believed that it had modernized itself. And it defended its horse cavalry on the sacred ground of "balanced force." "Each arm has powers and limitations," explained Major General John K. Herr, Chief of Cavalry, before the Subcommittee on Military Affairs of the House Committee on Appropriations on March 11, 1940, "The proper combination is that which arranges the whole so that the

⁴⁵ Captain H. Barrowcliff Ellis, "The Horse in Chemical Warfare," *Cavalry Journal* (British), Vol. 25, No. 98, October 1935, pp. 615 ff.

⁴⁶ In the author's opinion the most complete, which is not to say the most rational, defense of horse cavalry will be found in Col. H. S. Stewart, "Mechanization and Motorization, the Final Chapter has Not Been Written," *JUSCA*, Vol. 49, No. 1, Jan.-Feb. 1940, pp. 35 ff.; "General Hawkins' Notes: Conclusions Drawn from the First Army Maneuvers," *Ibid.*, p. 162. But see also H. V. S. Charrington, *Where Cavalry Stands Today* (London, 1927), V. W. Germains, foreword by Sir F. Maurice, *The Mechanization of War*, (London, 1928), and, although the author has only been able to see reviews of it, Gen. Von Poseks' *Reflections on Modern Cavalry*. For details see the review in *Cavalry Journal* (British), Vol. 25, No. 97, July 1935, p. 351.

⁴⁷ See Frederick Palmer, *Newton D. Baker, America at War*, Vol. 2, (New York, 1931), pp. 338 ff.

powers of each offset the limitations of the others." It was because the Poles did not have that balance that they were, said General Herr, overrun by the Germans.

Judging from Spain, had Poland's cavalry possessed modern armament in every respect and been united in one big cavalry command with adequate mechanized forces included, and supported by adequate aviation, the German light and mechanized forces might have been defeated.

Then General Herr went on to add these words of comfort:

Mechanized cavalry is valuable and an important adjunct but is not the main part of the cavalry and cannot be. Our cavalry is not the medieval cavalry of popular imagination but is cavalry which is modernized and keeping pace with all developments.⁴⁸

Yet it certainly does not seem that the U.S. cavalry was "keeping pace with all developments." Putting horses in trucks to give them mobility (this was the so-called "portée cavalry"), and adding inadequate anti-tank batteries can hardly be called modernizing. Is there any reasonable explanation for the illusion?

Concepts of Modernization. One cannot help but be impressed with the intellectual isolation in which the U.S. armed forces operated in the 1930's. *The Journal of the U.S. Cavalry Association* paid almost no attention to mechanization throughout the period. Compared to the military periodicals on the continent, the U.S. journal seems curiously antiquated. And because there was so little critical thinking going on within the service, it is not surprising that there was virtually no thinking going on in Army ordnance either, for ordnance, after all, works on a demand basis and if there is no demand, there is likely to be no new hardware. In the United States there was in short no intellectual challenge.⁴⁹

⁴⁸ The text of General Herr's testimony before Congress may be found reprinted in *JUSCA*, Vol. 49, No. 3, May-June 1940. See p. 206. The point which General Herr made concerning the "one big cavalry command" was part of a vicious fight then going on in the War Department as to how much control the Chief of Cavalry should have over Armored Units. The relevant correspondence may be found in *JUSCA*, Vol. 55, No. 3, May-June 1946, pp. 35 ff.

⁴⁹ For the really shocking story of U.S. tank development see Constance L. Green, H. B. Thompson and P. C. Roots, *The Ordnance Department* (Washington, G. P. O., 1955), Chapters 7-10.

Not only were there no pressures to change cavalry thinking from inside the arm, there were no pressures from outside either. United States industry was never anxious to sell to the services during the depression years or before. They were no more willing to put money into military research and development than were the services or the Congress.⁶⁰ The few Secretaries of War who can be considered adequate were interested in the managerial aspects of their office and not in matters which they considered "purely military." And finally there was a not inconsiderable pressure for the *status quo* in the Congress. The U.S. had some ten millions of horses, and government spending in this direction, little though it was, was a chief source of revenue to all the many horse breeders, hay growers, and saddlemakers.⁶¹

In Great Britain, the situation was markedly different. Although the British had their branch journals,—the tankers founded their own in 1937—they also had one great advantage in having two journals which were more generally read. The first was the *Army Quarterly* which published on all topics of concern to the army as a whole, and the other was *The Journal of the Royal United Service Institution* which crossed service lines. Into these journals there poured articles from a singularly able, and remarkably prolific and dedicated group of publicists of whom J. F. C. Fuller and Captain Basil H. Liddell Hart are simply the best known. Officers in the British Empire were simply unable to escape, as were U.S. officers, from challenge. Thus from 1936 onwards there was an increasingly strong movement in favor of conversion to oil. Furthermore this was helped rather than hindered by the stand taken by many in Parliament. For Parliament was at least conscious of *The Times* military correspondent, Liddell Hart, and the battle he was waging for mechanized warfare, a form of warfare which would, so he thought, limit and shorten future wars by making them more rapid, hence shorter and cheaper than the war of the trenches. To be sure there were those who, like Admiral of the Fleet Sir Roger Keyes, took a position against the reduction of cavalry.⁶² But they were in the minority. Most felt that the Household Cavalry and two

⁶⁰ *Ibid.*

⁶¹ Pendleton Herring, *The Impact of War* (New York, 1941), p. 119.

⁶² "I have seldom met a good horseman . . . not . . . well able to lead a destroyer attack. . . ." 344 *H.C. Deb.* 5s p. 2250. The date was March 8, 1939.

mounted regiments still left in Egypt in 1939 were probably two too many. A statement made by Mr. Duff Cooper on the very eve of the war while defending the conversion of the army to mechanization may also explain British willingness to change. Duff Cooper mentioned the lack of horses which would be subject to wartime draft.⁵³

After World War II the French, as is the wont of democracies, held an inquiry into the military disasters of some five years before. But the questions which were put to the generals and the questions which they wanted to answer were all in terms of why they had not understood and appreciated the role of the tank and the plane. Never does the question seem to have been asked in the converse, i.e., why was the horse thought to have been so useful circa 1939? It would have been interesting to know too what thinking had been done as to the circumstances under which Cavalry divisions, offensive forces, were to be used in conjunction with the Maginot Line, a defensive ideal. Perhaps they were to have been used in the second phase of the struggle in a counter-offensive after the enemy had partially defeated himself by throwing his troops against the defensive fires of the Line. Unfortunately the scholars who have put their minds to the matter have not come up with any answer, and the French cavalry regulations follow old formulas and include all possible uses to which cavalry might be put rather than concentrating on the one to which, in the minds of the planners, it would be put.⁵⁴

However the overall development of French cavalry thinking between the wars is plain enough. What they did was to absorb the new machines of war into old doctrine. Instead of allowing the characteristics of new weapons to create new doctrine, the French General Staff simply gave them missions to fulfill that were within the old framework. Thus tanks were made subordinate and supporting weapons to the infantry, and subordinate and supporting weapons to the cavalry.⁵⁵ In a sense

⁵³ 321 *H.C. Deb.* 5s p. 1890. In the decade 1928-38 there had been a decline of three quarters of a million horses in England. To what extent was the lack of horse resources the real reason for change?

⁵⁴ There is an excellent review of French regulations in *Cavalry Journal* (British), Vol. 29, No. 111, October 1938, pp. 513 ff.

⁵⁵ Donald J. Harvey, *French Concepts of Military Strategy 1919-1939* (Columbia University 1953) p. 153. Also Alvin D. Coox, *French Military Doctrine 1919-1939*, (Harvard University Unpublished Dissertation, 1951), pp. 116 ff.

the French achieved what General Herr of the U.S. Cavalry wanted to achieve, except that the French did look forward to complete mechanization at some future date, which Herr did not. And the *Revue de Cavalerie*, a strange hodge-podge of oats, history and oil, reflects this point of view.

The German experience was somewhat different again. Whereas the French looked back to the stalemate at Verdun, the great achievement of defensive weapons, the Germans looked back to the great offensives of 1918 and to the very near miss of the Schlieffen plan in 1914. Particularly in the case of the younger officers the great objective was regaining the lost means of offensive. A defeated army, the Germans were in a position to start once more from the beginning. To be sure there was a very difficult period of struggle with German horse cavalymen, but those in Germany with an interest in tanks had an advantage which those in the democracies did not. They had the interest of the Chief of State. When Hitler saw Panzer units in action, he said repeatedly, "That's what I need! That's what I want to have!"⁵⁶ To Hitler they were the keystone in a concept of total war.

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The *Revue de Cavalerie* stopped publication during the war and never appeared again. The British *Cavalry Journal* disappeared forever as well. Only the *Journal of the U.S. Cavalry Association* continued to appear. Its heroes were the horse-drawn artillery which landed on Guadalcanal, the animals flown over the Burma "Hump" into China, the U.S. units which were remounted on Italian Cavalry horses in Italy and German horses in Germany; the great heroes were the only real cavalry left—the Cossacks.⁵⁷ Duly noted was how greatly needed were horse cavalry during the battles in Normandy and elsewhere.⁵⁸

In his closing chapter of *He's in the Cavalry Now* Brig. Gen. Rufus S. Ramsey, a former commander of the U.S. Cavalry School, concluded in 1944, "Currently we are organizing and training adequate mechanized horse cavalry for field employ-

⁵⁶ General Heinz Guderian, *Panzer Leader* (New York, 1952), p. 30.

⁵⁷ The uses of the cavalry of the USSR are described in B. H. Liddell Hart ed., *The Russian Army* (New York, 1956), pp. 337 ff.

⁵⁸ "General Hawkins' Notes," *JUSCA*, No. 54, No. 1, Jan.-Feb. 1945, pp. 42 ff.

ment."⁵⁹ His was the final testament. The last old Army mule, except for the West Point Mascot, was retired in 1956. The horse cavalry had been disbanded five years before.

New Item. In 1956 the Belgian General Staff suggested that for the kind of dispersed war which low yield atomic weapons necessarily create, the horse, which in Europe could be independent of depots, should be reintroduced into the weapons system.⁶⁰

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CONCLUSION

The military profession, dealing as it does with life and death, should be utterly realistic, ruthless in discarding the old for the new, forward-thinking in the adoption of new means of violence. But equally needed is a romanticism which, while perhaps stultifying realistic thought, gives a man that belief in the value of the weapons system he is operating that is so necessary to his willingness to use it in battle. Whether a man rides a horse, a plane or a battleship into war, he cannot be expected to operate without faith in his weapons system. But faith breeds distrust of change. Furthermore there is need for discipline, for hierarchy, for standardization within the military structure. These things create pressures for conformity, and conformity too is the enemy of change. Nor is there generally the pressure for the adoption of the new that is found in other walks of life. There is no profit motive, and the challenge of actual practice, in the ultimate sense of war, is very intermittent. Finally, change is expensive, and some part of the civilian population has to agree that the change is worth the expense before it can take place. What factors then make for change in situations short of war?

Surely the greatest instigation of new weapons development has in the past come from civilian interest plus industrial pressure. The civilian governors get the weapons system *they* want. Hitler gets his tanks, the French public their line of forts. When society shows an interest in things military, weapons are adopted—apparently in great part because of the appeal they make to a set of

⁵⁹ Brig. Gen. Rufus S. Ramey, *He's in the Cavalry Now* (New York, 1944), p. 190. There were 60,170 animals in the U.S. Forces on December 31, 1943.

⁶⁰ "Belgians Hit U.S. Concept of Atomic War," *Christian Science Monitor*, August 25, 1956.

social values and economic necessities. The abolition of the horse cavalry came about first in those countries which could not afford to raise the horses and in which there were those with a hungry intellectual interest in the ways of war. When there was no interest in the military, as in the United States, there was no pressure to change and the professional was given tacit leave to romanticize an untenable situation. Thus the U.S. Horse Cavalry remained a sort of monument to public irresponsibility in this, the most mechanized nation on earth.

SIR WINSTON CHURCHILL ON THE MILITARY REQUIREMENTS OF GREAT BRITAIN

Pamela N. Wrinch

As a statesman of the twentieth century, Sir Winston Churchill is perhaps unique in the degree to which he has concerned himself with military matters. Ideologies positing rigid demarcations between "war" and "peace"—so prevalent in democratic states in the last thirty years—imply that "war" even in the largest sense is the business of the military. Churchill is a living challenge to this allocation of civil and military functions, as also to the ideology on which it rests. Indeed he represents an interesting blend of traditional political themes, shared by some other Britons, with the latest technology. Here it is proposed to select from his views on British military policy certain dominating points.

NAVAL POWER

Each nation has its own distinctive defense requirements, according to Sir Winston Churchill, and the general tendency of his views on the defensive requirements of countries is to emphasize the differences in situation between one country and another.¹ For Britain, a group of islands, naval power is primary—or was, until the advent of air power—as naval power is the category of force protecting Britain most effectively from invasion. "No one would deny that to an Island Empire the Navy is not more important than the Army," Churchill said early in his career.² Whereas a continental country, apprehending invasion over land, must "support a vast army first of all."³

Coupled for Great Britain with the invasion peril, however, is the danger that a hostile state might force her defeat in war by a blockade. Britain could not carry on in a war were the ocean supply routes interrupted, because she produces less than half of the daily necessities of life at home. In this respect also Britain's

¹ Much of this is based on the author's doctoral dissertation completed at Yale University in 1954, "*Sir Winston Churchill on Britain's Role Towards Europe: 'Detachment' and 'Combination.'*"

² *Parl. Deb.*, 4th Ser., Vol. 106, col. 238, 14 April 1902.

³ *Parl. Deb.*, 4th Ser., Vol. 93, cols. 1566-67, 13 May 1901.

requirements in naval power are seen as distinctive, as evidenced by Churchill's very hostile reaction to the Treaty of London of 1930, which extended the principle of "parity" (equality in numbers) between the British and United States fleets to cover vessels used for trade protection. Numerical parity with the United States, he argued, overlooked the real "disparity of conditions" as between "this small, densely populated island," and on the other hand "the vast State, almost a Continent, virtually self-supporting in every essential of life and power."⁴ Britain needed cruisers and destroyers for *both* battle and trade protection. To the extent that she used hers for trade protection (where often they are matched against submarines) her fleet would be unequal for purposes of battle to that of the United States. Or, *vice versa*, to the extent that they were used for battle, vital supplies would go unprotected. Although America is consistently seen by Churchill as primarily a sea and air power in common with Britain, yet within these categories specific requirements are viewed as very different. Purely numerical parity, accordingly, was seen as implying actual *inferiority* to the United States. Churchill's descriptions of situations of actual conflict are also apt to emphasize the critical role of the defense of British supply routes. "The Navy has saved us from starvation," he said after the First World War; and after the Second, "the only thing that ever really frightened me during the war was the U-boat peril."⁵ Sea routes are referred to, as of routine, as "our communications"; that is, they are considered to be Britain's equivalent to the overland communications of other states.⁶

A third—and again distinctive—purpose of British naval power is to provide the practical or power basis for the widely dispersed Commonwealth and imperial associations and dependencies of Great Britain. If Britain were to accept a position of inferiority in naval power to any other nation, said Churchill in 1921—meaning the United States, and far from enthusiastic about the impending naval disarmament talks at Washington—"everywhere

⁴ *Parl. Deb.*, Vol. 238, cols. 2098-99, 15 May 1930.

⁵ *The Times*, 5 December 1918, p. 16 and *Their Finest Hour*, (Boston, 1949), p. 598, respectively. Books by Winston S. Churchill are cited without author.

⁶ *The World Crisis, 1916-1918*, Vol. II (New York, 1931), p. 309, 21 October 1917.

it would be known that the oceans which now unite the British Empire . . . had become instead . . . impassable gulfs, abysses of separation."⁷ At the Washington Conference in 1922, Britain accepted equality with the United States in respect to battle fleets. It is far from clear that Churchill agreed with this decision—the British Empire was then spread across more oceans than the relatively compact empire of the United States—but as a member of the then Cabinet he was reticent, and apparently unprepared to resign.⁸ But after the Conference he stated that for Britain to go further on any future occasion and accept a position of inferiority would be entirely inadmissible, in part because "our Empire in every part of the world, which is today united by the oceans, would be hopelessly divided and fall helplessly apart once the British Navy had ceased to give those essential guarantees of security which it had always done in the past."⁹ In more recent times, Churchill has cited British naval power as one of the incentives for a self-governing dominion to remain within the Commonwealth.¹⁰

Naval power is therefore in three respects a category of power essential for the protection of British interests, according to Churchill, and within that category Britain's naval requirements are seen as both distinctive and large. The emphasis upon naval power illustrates also Churchill's view that Britain should concentrate her military expenditures in the category of power which most effectively defends what she has got.

AIR POWER

Technological development in the twentieth century has produced, however, a new means of attack upon Great Britain which overlooks intervening bodies of water: the air. This "cursed, hellish" invention, as Churchill has called it, is one to which Great Britain is particularly vulnerable on account of her large urban

⁷ *Parl. Deb.*, Vol. 145, col. 1538, 3 August 1921.

⁸ He called the acceptance of equality "a sacrifice, prodigious and formidable, and from many points of view questionable." *The Times*, 10 April 1922, p. 21.

⁹ *The Times*, 10 April 1922, p. 21.

¹⁰ For instance, in relation to South Africa and the charges of opponents of Prime Minister Smuts to the effect that Britain no longer contributed to the naval security of South Africa. Randolph S. Churchill, ed., *Europe Unite*, (London, 1950), p. 260, 8 March 1948.

concentrations. It might be noted that while Churchill is often thought of as representing very traditional themes, he is nonetheless apt to be much more forward than his contemporaries in appreciating the implications of technological advance for military purposes. Apart from his well-known recognition of the possibilities of the tank, he was well in advance of his civilian and many of his military colleagues in World War I in urging full study of means of aerial attack on the enemy, and in suggesting lines along which technology could assist the efficacy of attack in the land war.¹¹ Also in the 1930's, and as Prime Minister in World War II, he took an active interest in the application of science and technology to war, in this later period principally in the areas of civil defense and seaborne attack.

By 1920, Churchill had assimilated air alongside naval power as a necessary condition of British security. Supporting the abolition of conscription, he said at that time "should a great emergency arise we must trust to the Fleet and to the air to give us time, after a year or so, to bring the might of Britain into the field [to constitute armies in relation to specific emergencies]."¹² The *minimum* requirement in this new category of force was stated as equality or parity with the strongest neighboring power, whether a probable enemy in war or not—"an air Force as strong as that of any power that can get at us," whether France or Germany.¹³ Without such equality, he felt, Britain had lost the capacity to provide her own defense which formerly the Navy had been able to guarantee alone. A later appeal for the development of British air power was expressed as "to make ourselves an island again."¹⁴

The development of the atomic bomb, and of missiles even of the shorter ranges, was seen as making Britain defenceless once again after World War II. Missile bombardment, now possible at longer ranges than were used by the German rockets in World War II, Churchill observed in 1950, would expose Britain to much more danger than she had suffered before even if atomic

¹¹ See, for example, *World Crisis*, IV, pp. 297-303, 9 November 1916; and pp. 303-14, 21 October 1917.

¹² *Parl. Deb.*, Vol. 125, col. 1361, 23 February 1920.

¹³ Randolph S. Churchill, ed., *While England Slept*, (New York, 1938), p. 90, 7 February 1934.

¹⁴ Randolph S. Churchill, ed., *Blood, Sweat and Tears*, (New York, 1941), 5 October 1938.

warheads were not used. And Britain without the atomic bomb was viewed as more defenceless than in 1940.¹⁵ Many times during the tenure of the Labor Government 1945-51, Churchill urged haste in the development of an atomic bomb; he also desired Britain to develop as quickly as possible her own stockpile of hydrogen bombs. One principle involved here is always to keep astride other great powers in the most terrible weapon.

Destructive capability has certainly moved far since, say, 1938, when an uncertainty about what air power could do is said to have been one of the reasons for Britain's having given in at Munich.¹⁶ Churchill opposed giving in at that time, but whatever speculations were reasonable then, no one can pretend—and Churchill does not—that there would be any effective defense for Britain against atomic and hydrogen bombardment today. Indeed it seems from a speech in 1953 that his main hope for the defense of Britain rests in a situation where the terror of these weapons is so widespread, among the governments of the states possessing them, that they will not be used.¹⁷

But the assumption is made that such restraint can be imposed on a possible user only by possessing the destructive capability oneself. At the same time Churchill favors the continuance by all means of civil defense. His views are therefore in marked contrast to those of some of his fellow-countrymen that Britain should not undertake the expense of developing the hydrogen bomb because the United States already has it, or the view expressed by the City Council of Coventry in 1954 that civil defense should be abandoned as useless in the face of the hydrogen bomb.

ARMIES ARE EXPENSIVE

When Churchill comes to talk about British armies, however,

¹⁵ Randolph S. Churchill, ed., *In the Balance*, (London, 1951), pp. 338 and 345, 27 July 1950.

¹⁶ Eugene M. Emme, "Some Fallacies Concerning Air Power," *Annals of the American Academy of Political and Social Science*, Vol. 299, (May 1955), pp. 12-24, p. 15. For a discussion of the possible impact of threats of destruction upon diplomacy in our own time, see Hans Speier, "Soviet Atomic Blackmail and the North Atlantic Alliance," *World Politics*, Vol. IX, No. 3 (April 1957), pp. 307-28.

¹⁷ "... indeed I have sometimes the odd thought that the annihilating character of these agencies may bring an utterly unforeseeable security to mankind. . . . It may be that . . . when the advance of destructive weapons enables everyone to kill everybody else nobody will want to kill anyone at all." *Parl. Deb.*, Vol. 520, col. 30, 3 November 1953.

there is an accent on expense. It was indeed in some speeches between 1901 and 1903 against army expenditures that we have the earliest record of his views on the relative amount of attention Britain should give to the various categories of then-existing armed force. Armed forces of a non-naval character are approved of for the policing of the British Empire, and normally for that purpose alone. The three army corps proposed in 1901 by the Government, however, were seen as falling between two stools: "one [army corps] is quite enough to fight savages, and three are not enough even to begin to fight Europeans."¹⁸ The British Army, he said, "was never more than a glorified police force" for imperial purposes—and so it should stay, adapted to the "frequent little wars" on the frontiers of the Empire.¹⁹

Churchill's opposition to armed forces of a magnitude suiting European purposes was expressed in terms of a distinction between the means of "immediate" and "ultimate success" in war. With a navy dominating the immediate invasion route and the ocean supply routes, he said,

... we may hold any antagonist at arms length and feed ourselves in the meantime, until, if we find it necessary, we can turn every city in the country into an arsenal, and the whole male population into an army.²⁰

Hence the Navy (and also by 1920 the air) are the means of "ultimate success," since under its protection "all unpreparedness can be redeemed," whereas without it Britain might be invaded and lose the war.²¹

To have the requisite naval (and air) power available all the time is too expensive: for any future war of the major European type, Churchill said, Britain would have to rely on "armies of emergency," assembled behind the shield of the navy and addressed to the specific emergency. Also, if the invasion route is under British control, the armies do not have to stay at home but may be hostile expeditionary forces abroad. This point was illustrated by Churchill's willingness in August, 1940 to send most

¹⁸ *Parl. Deb.*, 4th Ser., Vol. 93, col. 1571: 13 May 1901.

¹⁹ *Parl. Deb.*, 4th Ser., Vol. 93, cols. 957 and 1571-72, 13 May and 29 June 1901.

²⁰ *Parl. Deb.*, 4th Ser., Vol. 93, col. 1574, 13 May 1901.

²¹ *Mr. Brodrick's Army*, (collection of speeches) (London, 1903), p. 101, 23 February 1903.

of the tanks in the British Isles to Egypt. The assumptions were that the Navy would not "lose us the war" and that the Battle of Britain in the air was about won.

A larger army not being *vital*, as the fleet and air, it is possible to object to its cost and consequent interference with commercial interests, in periods when a European "emergency" is not present. This was the position taken in 1901-03. Britain was described as an "artificial country," since so large a proportion of her economic activity is involved in foreign trade. "If we are undersold or outmatched [in foreign markets]," he said, "we perish." Britons would emigrate to countries where they could earn a better livelihood. "We should shrink as a nation in the world" and this was indeed "a melancholy possibility!"²² So,

. . . I would say to the military party . . . whose motto is 'Hang the Expense!', the party who to strengthen the arm of Empire would impoverish the brain, the belly, and the heart, beware how you burden the trade of Britain, for if it fails through your exactions, not all your armies and all your ironclads, not all your sacrifices and all your skill, will hold the State together.²³

The argument about expense, however, again comes to the fore when the emergency to which British armies would be addressed becomes apparently a permanent emergency, and the expenses have to be made over a long period, as after World War II. The new British defense policy may be viewed as a reaction to this difficulty. Another modern application of the above premise about British exports of manufactured articles is, of course, to favor the rearmament of Western Germany. Germany, a principal competitor of Britain in foreign markets, is in a more favorable position to compete if her economy is not burdened by defense expenditures and her manpower not drawn upon to compose an army. These points are not absent from the thoughts of many Britons, but Churchill has made them in public.²⁴ He has not gone on record about the new British defense

²² *Ibid.*, p. 36, 1 June 1901.

²³ *Ibid.*, p. 43.

²⁴ Randolph S. Churchill, ed., *In the Balance*, op. cit., p. 237, 16 March 1950 in the House of Commons. Churchill opposed the demand of large-scale reparations from Germany after World War I on the basis of the same consideration: the unrequited exports with which she would pay the bill would make her "the master of every market in the world"—at the expense of course of Britain exports. Further any export of goods in payment of reparations to

policy, but it seems not unlikely that he would approve of it—provided always that his estimates of the external threat and the condition of the British economy are the same as those of the persons now designing British policy.²⁵ Indeed, in the reports now in currency about the British economy and the desire of some Britons to emigrate, he may see ruefully the fulfillment, after two expensive and basically undesired European wars, of the predictions he made long ago.

MILITARY POLICY AND ISOLATION FROM EUROPE

It is however impossible to separate Churchill's ideas on the military strength Britain should develop from his ideas in the political sphere on British foreign policy. Here we encounter two themes: one is that the preferred policy towards Europe is one of isolation, and thus no political foundation is seen for armies on a scale suited to European purposes. The other is that unless Britain keeps up her strength in the categories suited to the defense of her vital interests, she will in effect become dependent on others for their defense and in effect lose her independence. The naval and air strength necessary to defend the British Isles and imperial connections overseas therefore is vital. An army for purposes in Europe, where Britain has no specific interest, is not vital.

In consequence Churchill's early speeches opposing large-scale armies stressed isolationist themes of foreign policy. "A European war," he said,

cannot be anything but a cruel, heartrending struggle, which, if we are ever to enjoy the bitter fruits of victory, must demand, perhaps for several years, the whole manhood of the nation, the entire suspension of peaceful industries, and the concentration to one end of every vital energy in the community.²⁶

Britain, which would necessarily not be paid for by the purchase of British goods by Germans, might throw some of the British industrial population out of work. (*The Times*, 9 June 1921, p. 12) Consideration of the British economic position in relation to Germany might also have occasioned his momentary acquiescence (in 1944) to the Morgenthau Plan, of which he later admitted being "ashamed," but ashamed on political grounds.

²⁵ The author is, however, not clear as to whether Churchill would favor the large cuts in the Navy envisaged in the new policy. This discussion concerns only manpower cuts in relation to the development of atomic and thermonuclear power and missiles.

²⁶ *Parl. Deb.*, 4th Ser., Vol. 93, col. 1573; 13 May 1901.

And, more strongly,

. . . if by wicked counsels we are drawn into war with a great European State, we shall fight that war . . . with breaking hearts and straightened means, with hunger in our streets and ruin in our market places. . . .²⁷

Here we see the interference with Britain's prosperity once more, unaccompanied by the satisfaction of any known British interest.²⁸ Evidently Churchill did not favor the European war any more than he favored the army that would be employed in it.

Churchill's discussions of German naval building in the period preceding World War I, however, show an active concern with supposed British interest. The defense requirements of a basically continental nation are conceived as the reverse of those of Britain. For Germany or Russia, for instance, an army is primary. Churchill showed no resentment of the German army. But a navy is not primary for Germany, and navies threaten Great Britain. "The German Navy," Churchill said in a speech of 1912 giving much offense in the target country, "is more to them in the nature of a luxury." Great Britain had and needed a large navy whose purposes were "essentially defensive."²⁹ But with only a very small army "we cannot menace the peace of a single Continental hamlet:" "we cannot invade Continental states."³⁰ As usual the primary weapon is the one preventing invasion, and the development of other categories of power is seen as giving the capacity to invade others.

It was a very short step from these conceptions to infer that the development of such capabilities by Germany represented intentions in the political sphere—that it arose, as his own military policy does, from the calculation of political objectives. Thus

²⁷ *Mr. Brodrick's Army*, pp. 100-01, 23 February 1903.

²⁸ A further economic interest was the maintenance of the existing British level of exports to Germany, an important market for Britain, even though in other markets she is a competitor. "Why they are our very best customers," he said in 1908, "and if anything were to happen to them, I don't know what we should do in this country for a market." (*The Times*, 17 August 1909, p. 7). One set of British apprehensions today in relation to the Common Market of course concerns the effect it would have on the demand for British exports in Germany.

²⁹ *The Times*, 10 February 1912, p. 9.

³⁰ *Ibid.*, and *Parl. Deb.*, Vol. 35, col. 1563, 17 March 1912, respectively. Churchill is omitting the more offensive capabilities of naval power, such as blockade and sea-borne landings.

naval power "is expansion to them [Germany]."³¹ Further, the only target of naval preparations could be Great Britain. "What did Germany want this great navy for?" Churchill wrote afterwards, "Against whom, except us, could she measure it, match it, or use it?"³² Comparably, in 1901, he had suggested that the development of a large army by Britain would be "provocative" to continental states.³³ Indeed this whole system of thought is internally consistent, once the premise about the relative defense requirements of the two countries on sea and land has been laid down.

Also consistent with these views is a tendency on the part of Churchill to regard the preoccupation of nations with the category of force representing their defensive needs as a hallmark of stability. It was Germany's intention before World War I to compete in *both* land and naval categories which grated on Churchill's conceptions. As he expressed it in the House of Commons in 1912, "If ever any single nation were able to back the strongest Fleet with an overwhelming Army, the whole world would be in jeopardy and a catastrophe would swiftly occur."³⁴ And as he said after that war, "the determination of the greatest military power on the Continent to become at the same time at least the second naval Power was an event of first magnitude in world affairs."³⁵

Churchill's view of the most favorable possible contingency in relations with Russia after World War II likewise envisioned a "balance" based on specialization in defensive categories of power. He wrote hopefully in 1943:

I think it inevitable that Russia will be the greatest land power in the world after this war. . . . I hope, however, that the "fraternal association" of the British Commonwealth and the United States, together with sea and air power, may put us on good terms and in a friendly balance. . . .³⁶

This hope has been disappointed, and competition with Russia tends to spill over into many categories of weapon, including

³¹ *The Times*, 10 February 1912, p. 9.

³² *The World Crisis*, Vol. I, pp. 33-34.

³³ *Parl. Deb.*, 4th Ser., Vol. 93, col. 1573, 13 May 1901.

³⁴ *Parl. Deb.*, Vol. 35, col. 1563, 17 March 1912.

³⁵ *The World Crisis*, Vol. I, pp. 13-14.

³⁶ *Closing the Ring*, p. 129; 5 September 1943.

British armies. Nevertheless the image of specialization in primary weapons is associated with periods when all states are isolationist, in the sense of being able to defend what they have got, and are not developing the capabilities (interpreted as possible intentions) to seek what they have not got.

THE SPECTRE OF DEPENDENCY

Politics underlies military policy in periods of isolation also in that the military capacity to defend one's own vital interests is seen as a way to avoid involvement with others. In effect, weakness is seen as implying dependency on others and a loss of capacity to influence events. In 1913, Churchill argued that if Britain reduced her ratio of naval power in relation to Germany, she would no longer be "free and independent" in her European policy, but instead "be forced into a series of questionable entanglements and committed to action of the gravest character, not because we thought it right, but as the result of bargains necessitated by our naval weakness."³⁷ If Britain accepted a position of inferiority in naval power to the United States, he said in 1921, "we should exist as a great Power only on sufferance."³⁸ What is in effect a condition of dependency for defense requirements upon others is seen as necessitating the acceptance of situations and commitments on less than one's own terms.

As to more specific applications of the military power and independence theme, we have Churchill's observation that after accepting a position of naval equality to the United States in 1922 (in respect to battle fleets), instead of retaining superiority, Britain had forfeited the option of imposing a naval blockade which had not the tolerance of the United States.³⁹ On a still more specific level, we have also Churchill's careful efforts in World War II to keep British-controlled troops a majority in the Mediterranean, and to have equality with the United States in the initial landings in France, in order to control or influence the strategy to be pursued.

Defense preparations to preserve independence, unlike armies, are not the area in which Churchill feels it wise to save on ex-

³⁷ *Par. Deb.*, Vol. 50, cols. 1789-90, 26 March 1913.

³⁸ *Par. Deb.*, Vol. 145, cols. 1537-38, 3 August 1921.

³⁹ *Par. Deb.*, Vol. 241, cols. 1803-4, 21 July 1930, and "Can America Keep Out of War?" *Colliers*, Vol. 100, 2 October 1937, p. 38.

pense. For instance in 1933, fearing dependence in the air upon France, he said he would himself prefer to "have far larger Estimates and be absolutely free and independent to choose our own course . . ." than get involved in the Continent through weakness.⁴⁰ Weakness implies dependency. The way to maintain independence—a condition desired even of one's *friends*, such as France and the United States, with whom no overt fight is expected—is to maintain military strength.

The exclusive possession of the atomic bomb by the United States for a period after World War II was seen by Churchill as again removing British independence and implying dependence upon the United States. The United States and Russia now made the decisions. "In any case it will not be a British finger that will pull the trigger of a third world war," said Churchill in 1951, "the control and decision and timing of that terrible event would not rest with us."⁴¹ We have seen how anxious Churchill was that Britain develop her own stockpile of atomic bombs—presumably so that Britain could become less dependent on America, and participate in the making of decisions in world politics once more. If Churchill's thoughts are shared by others in Britain, it would seem that one reason—apart from deterrence—for Britain to develop also some hydrogen bombs, is to acquire more independence of the United States, a point we sometimes overlook in our concentration upon Russia.

BRITAIN AT WAR: OTHER STATES' ARMIES

However there are circumstances in which Churchill favors the creation of British armies. Military necessity as usual arises in the political sphere. When the balance of power has become disturbed on the European continent in favor of one power or a coalition of powers, Churchill favors British intervention with what expeditionary forces she can muster to support the weaker side. In particular, in this century he has felt Britain should not tolerate the crushing of France by Germany, for then Britain would be "left alone in Europe." The situation after World War II, in which from the British standpoint Russia has already ac-

⁴⁰ Randolph S. Churchill, ed., *While England Slept*, *op. cit.*, p. 40, 14 March 1933.

⁴¹ *The Times*, 8 October 1951, p. 2.

quired the dreaded hegemony on the Continent, has been seen to require the maintenance of considerable British armies on the Continent in time technically of peace.

Yet in all circumstances, including those of a European emergency, the military forces of first priority for Britain remain in Churchill's view those which protect the homeland itself and vital interests, rather than those which are necessarily best fitted for offensive use against others. Churchill's conceptions in practice therefore create an inherent imbalance in land power as between Britain and a continental enemy, for whom land power is expected typically to be primary.

Churchill's way to get what is sometimes vaguely called a "balanced force" is to acquire allies and promote coalitions, whose armies will bear the burden of the land war and redress the inherent imbalance in this category of force which would exist were Britain to face a continental enemy alone. In Sir Winston's military strategy, the quest for allies is a very persistent theme. One purpose of the attack upon Turkey at the Dardanelles in World War I was, by the show of British strength and interest in this area, to stimulate Serbia (already in the war), Greece, Rumania, and even possibly Italy and Bulgaria, to take up arms on the side of the Entente.⁴² Churchill wrote later that such collaborative reactions were "the quasi-political factors" on which "I counted in our military penury" as the means of exploiting any success which might come to the British fleet at the Dardanelles.⁴³ The alternative on which Churchill reflected at this time was an operation to gain naval command of the Baltic, and designed to influence Denmark, Norway and Sweden towards co-belligerency.⁴⁴

⁴² See, for instance, *The World Crisis*, Vol. I, pp. 529-30, and Vol. II, pp. 16, 179, and 200-02.

⁴³ *Ibid.*, Vol. II, p. 180. Churchill favored a joint operation of the Navy and land forces landing on the Gallipoli peninsula in his original conception of the Dardanelles operation. He was however willing to go along with a naval operation alone when Lord Kitchener refused to allow the participation of land forces. This raises the question as to whether Churchill has not been a little too eager to undertake some of his conceptions, in that he will favor going on with it even after others in authority have refused many of the requirements he originally laid down as essential to its success. Consider, for instance, his behavior in regard to the sea-borne landing at Anzio, which was not executed with the amount of force he had said was necessary, but with which he continued to collaborate.

⁴⁴ *The Gathering Storm*, (Boston, 1948), pp. 461-62 and 693-94.

At the outset of World War II, Churchill again toyed with an operation to gain naval command of the Baltic, again for the purpose of drawing Denmark, Norway and Sweden into the war, and also to influence Russia towards more active opposition to Germany. The much-criticized British intervention against the Germans and Italians in the Balkans in 1941, promoted by Churchill, had among its objects to encourage more widespread resistance to Germany than could be expected in the absence of British assistance and interest—for instance, on the part of Yugoslavia, Rumania, Turkey, and possibly even Russia.⁴⁵ The entire Mediterranean strategy of Churchill—most obviously in 1943, when he hoped to extend it to the Aegean—was designed to influence Turkey, “with her forty-five divisions of superior fighting men,” to join the United Nations.⁴⁶ Under Churchill’s influence, Britain was the nation first to recognize the military usefulness of the guerillas in the Balkans, whom he wished to equip—irrespective of the apparently almost unnoticed or unrecognized fact that many of them were of Communist political orientation, which would in other circumstances be distasteful to Churchill.⁴⁷ Specific purposes of the seizure of French North Africa were to deter Spain and Vichy France from more active roles on the side of Germany, the obverse of getting allies for one’s own side.⁴⁸ The policy Churchill favored towards Italy was less “unconditional surrender” than an invitation to overthrow Mussolini and join the war against the Germans. The operation Churchill tried unsuccessfully to promote against Northern Norway anticipated that the local population would “rise to aid us as we advance”: it also was desired to get Sweden into the war and Finland out.⁴⁹

The important ally to get in a war against Germany is of

⁴⁵ For example, *Their Finest Hour*, p. 547, and *The Grand Alliance*, pp. 10, 54, 61 and 65.

⁴⁶ Robert E. Sherwood, *Roosevelt and Hopkins*, (New York, 1948), p. 657.

⁴⁷ This represents a qualification to the widespread popular impression that a principal motivation in Churchill’s Balkan policy was to halt the spread of Communism in the Balkans. Winning the war against the Germans as cheaply as possible took precedence over halting the spread of Communism in 1943 and the first five months of 1944, when as Churchill himself put it, the policy had been “to arm anyone who could shoot a Hun.” The British intervention in Greece in 1944 consummated the abandonment of this policy, although the regime in Yugoslavia of course remained.

⁴⁸ *Their Finest Hour*, p. 623 and *Hinge of Fate*, (Boston, 1950), p. 482.

⁴⁹ *Ibid.*, pp. 349 and 351.

course Russia, a major land power. As much as a practical point as in the nature of a compliment, Churchill acknowledged publicly in 1944 the "essential fact . . . that it is the Russian armies who have done the main work in tearing the guts out of the German army." Characteristically, Churchill compared the nature of the Russian contribution with that made by Britain and America:

In the air and on the oceans we could maintain our place, but there was no force in the world which could have been called into being, except after several more years, that would have been able to maul and break the German army. . . .⁵⁰

The proposition works also *vice versa*: in any war against Russia, Britain needs an alliance with Germany. "It would evidently be impossible to disarm Germany if she were in contact with a Bolshevised area" said Churchill after World War I, when Soviet armies advanced into Poland; and after World War II also he suggested the rearmament of Western Germany as soon as the idea had any prospect of political acceptability in the West. It also follows that in periods of non-violent conflict, the principle still holds, that other states with armies should do their part. One of Churchill's objections to the Munich arrangements was that Czechoslovakia could supposedly have contained thirty German divisions.⁵¹ In 1943 and 1944, perhaps mindful of Russia, Churchill was apt to include references to "the French army" in his statements on friendship with France. The remedy to weakness in land power, therefore, is to form coalitions.

All Churchill's strategies in wartime—when there is less restraint on manoeuvre than in peace!—are, in summary, designed to enlist forces to fight with Britain in the war. Sometimes persons have asked in respect to typical Churchill strategies, "So, if we *do* land at X, where do we go from there?"⁵² The answer is that one does not oneself necessarily go anywhere, but rather enlists and activates allies, thereby contributing in the widest

⁵⁰ Charles Eade, ed., *Dawn of Liberation*, (London, 1944), p. 155.

⁵¹ Randolph S. Churchill, ed., *Blood, Sweat and Tears*, op. cit., p. 63, 5 October 1938.

⁵² For instance, President Roosevelt on 9 October 1943 on the proposed capture of Rhodes: "Strategically, if we get the Aegean islands, I ask myself, where do we go from there?" (*Closing the Ring*, [Boston, 1951], p. 215). The answer in this case was that it was hoped Turkey would enter the war, and that a Turkish army would go somewhere.

strategic sphere to an encirclement of the enemy: the "ring." The capture of a certain place may sometimes be designed as a springboard for further attack, as for instance French North Africa for the further development of Allied strategy in the Mediterranean. However sometimes it is hoped that the allies acquired by the operation concerned can themselves be induced to pursue the advantage gained; as, for example, after Turkey had been brought into the war by the British capture of Rhodes (which never came off), it was hoped that a Turkish army—not an Anglo-American one—would invade the Balkans.⁵³ These latter two purposes fall in the category of "closing the ring." The ally-seeking military strategy certainly represents the unity of military force and policy by involving the investment of certain amounts of force for the purpose of getting an ally—a political object, which will in turn have a military advantage.

THE LIMITATION OF MILITARY COMMITMENTS IN THE OFFENSIVE SPHERE

To the extent that it is not possible to get allies in a European war, however, Churchill's military strategy tends to limit the commitment, of such armies as can be mustered, to military objectives which they can tackle on relatively favorable terms. In both World Wars Churchill favored attacking members of the hostile combination one by one, starting with the weakest. Thus in World War I, contrary to the wishes of the British army and navy, it was Turkey whom he thought it most intelligent to attack (the Dardanelles operation) once the Western front had become stalemated. The scheme envisaged that next it would be Austria-Hungary who would be attacked, through the assistance or agency of the desired Balkan coalition. In World War II, contrary to the wishes of at least the American Army, he fostered the strategy of Italy first, Germany later. The reason in both wars was the calculation that Britain, even with her allies, had not the power successfully to take on the main adversary first.⁵⁴

Churchill's general calculations of manpower balances, not to mention cost, are further apparent in his rejection of the alterna-

⁵³ Robert E. Sherwood, *op. cit.*, p. 657.

⁵⁴ *The World Crisis*, Vol. II, pp. 78 and 79 and 424; Vol. IV, pp. 297-303, 303-14 and 316.

tive strategies typically promoted by the personnel of these very armies in which Britain and America are thought weak. Had the frontal attacks in the Western theater in World War I not been technically wrong, he would still not have thought them the most propitious strategy for the war. Technological advance alone could redress the advantages of the defense there, the tank and other devices.

Similarly in World War II, Churchill failed to share the American Army's enthusiasm to make for what they were wont to call the "heart" of Germany—the main forces of her army. He called it, indeed, "the only way we could possibly lose this war."⁵⁵

One explanation would seem to be that a battle of armies involves the enemy's strongest, and Britain's weakest, weapon. To undertake it before the increment in Britain's allies has counterbalanced much of the opponent's army is voluntarily to undertake a conflict on unequal terms. It has been remarked that the "soft underbelly" in World War II turned out to be "not so soft."⁵⁶ But following the thought and language of this conception, the alternative of an early thrust across the Channel is gratuitously to stick oneself into the crocodile's mouth. It was a question of the *relative* hardness of the German forces as between the two areas, and also of the amount of force Britain and America had available. One object of picking limited military commitments is to have a local superiority of force each time, knowing that the enemy will—or ought—to keep his main forces for defense against invasion.⁵⁷ It assures doing something all the time, and offers the prospect of limited gains, such as the defection of the main enemy's ally. It is not a strategy of *either* destroying the main enemy's main forces—which might not succeed—*or* having all one's offensive forces destroyed by him.⁵⁸

In contrast, in World War I, Churchill longed for a decisive

⁵⁵ Robert E. Sherwood, *op. cit.*, p. 591.

⁵⁶ Mark W. Clark, *Calculated Risk*, (New York, 1950), pp. 3 and 49-50.

⁵⁷ Churchill attributes Germany's defeat in World War II to the fact that Hitler tried to hold everything he had got, and thus wasted in North Africa, the Balkans and Italy some of the forces he should have kept for the battle for Germany later on. In short, Hitler fell for the strategy of the "ring!"

⁵⁸ These and several other principles of Churchill's military strategy in World Wars I and II are further developed in the author's *Military Strategy of Winston Churchill*, Boston University Studies in Political Science, No. 5, Department of Government, Boston University, 1958.

naval battle, in which Britain's primary weapon would be involved; and it was the Germans who eschewed it.

THE LIMITATION OF WAR

While the peripheral ally-seeking strategy of Churchill is based upon the supposed limitation of Britain's offensive *means*, especially in manpower, it may also be observed that it is a strategy permitting the limitation of political *aims*. Eschewing the strategy which aims at the "heart" of the strongest and stakes so much on the outcome of this major encounter, Churchill prefers the less risky, less costly and less ambitious strategy of gradually lining up allies and gradually inducing the enemy to return to his homeland. An important point about this strategy is that it allows for termination of the war at any time: it does not exclude the possibility of a negotiated peace, once the enemy's hegemony on the continent has been contracted to a degree compatible with the interests of Britain and the other contestants.

It is no wonder that Churchill feared a stalemate in World War II, for the final battle with the main ground forces of an enemy who has not allowed himself to be diverted (as Hitler did, for instance, in North Africa, Italy and the Balkans), is the one contingency for which the Churchill strategy does *not* provide directly. Possibly the increment in allies along the way is seen as eventually providing the means. However several developments can take place before "eventuality" arrives—the enemy might himself decide that he will lose in the end. Or, in the case that one is fighting against a governmental regime as well as a state, internal forces might lose confidence and overthrow the regime in question. It might be argued that commitment to a drive at the "heart" of the enemy as the single strategy of the war does not allow for these possibilities. Yet even the stalemate might be preferable to losing the more ambitious battle and thereby losing one's expeditionary forces entirely.

There may be reasons why World War II had to be relatively "total," principally Anglo-American objectives regarding the riddance of Hitler and associated "isms," and the difficulties facing Germans in coping with these matters themselves. It is not suggested that Churchill nurtured broad hopes as regards limiting World War II (although he was far from taking literally the

formula "unconditional surrender").⁵⁹ The point is that his strategy *permits* the limitation of the war at any moment, according to whether war aims have been achieved, and the degree to which they *can* be achieved with the limited ground forces at Britain's disposal. Unlike the isolationist policy, in which military force is constituted to create independence, in the intervention policy military force is necessarily limited and therefore functions to limit rather than support political aims.

IMPLICATIONS

Churchill's views on British military policy may therefore be seen as very consistent over time, and indeed as involving an interesting blend of modern technology and traditional themes. Of principal concern and absolute priority at all times are the categories of force, naval and air and missiles and warheads, which provide for the defense of what is vital to Britain, or in modern times without defending, are thought to deter attacks upon what is vital to Britain. In war time it is thought necessary to follow a military strategy aimed, among other things, at attracting allies, in order to fill the gap in land forces consequent upon a military policy emphasizing non-land categories of force.

No one can pretend that the external circumstances of Britain or the resources available for military purposes are the same, relative to other powers, as those in the year 1901, whence our first Churchill quotations on non-involvement and non-dependency were taken. Nevertheless we have seen that the military policy favored by Churchill in times of emergency, i.e. when the balance of power in Europe is deranged to the detriment of Britain's security, is essentially an adaptation to a different circumstance on the part of a state which remains principally a sea and air power, contributing in other categories only what resources are left. It was suggested at the outset that Churchill probably represents something other than himself. The present British Government—whose Prime Minister and Minister of Defence are both

⁵⁹ He pointed from time to time to favorable changes which might come about in the German government, and deprecated the discouragement of such developments by "harping" on the theme of "unconditional surrender." He also reinterpreted "unconditional surrender" in public speeches with the object of making surrender less unattractive to the Germans. (For instance, *Closing the Ring* p. 663, 14 August 1943, and p. 706, 14 January 1944; and *Hinge of Fate*, pp. 689-90, 19 April 1944.)

more associated with Churchill than with the alternative orientation in the Conservative Party—seem in their recently announced changes in defense policy to have accepted the views on which Churchill's military policy also rests. Confronted for economic reasons with the choice of Britain *or* Europe, it would seem that the present government has lurched back in considerable measure to insular conceptions, adjusted to a period when possession of the most drastic weapon provides no longer effective defense but deterrence, or at least a means of balancing and resisting threats of devastation emanating from other powers. It is of course clear that Britain could not have announced this new policy until, as this spring, she succeeded in developing the thermonuclear bomb needed to make it real.

PART II

PROBLEMS OF DEMOCRATIC PLANNING

THE RÉGIE RENAULT: A NATIONALIZED ENTERPRISE IN THE FRENCH AUTOMOBILE INDUSTRY

Harold A. Fletcher, Jr.

INTRODUCTION

ONE of the first enterprises to be nationalized at the time of the liberation of France in 1945 was the big Renault automobile corporation centered at Billancourt on the outskirts of Paris. The owner of the enterprise, Louis Renault, a pioneer in the French automobile industry, had been charged by the provisional government of General de Gaulle with wartime collaboration. Renault died in prison before the charges against him could be aired in court.¹ The enterprise was confiscated and transferred to the state by executive decree on January 16, 1945.² Today, twelve years after nationalization, the Régie Nationale des Usines Renault is the fourth largest enterprise in France.³ The Régie, which employs over 50,000 persons, is by far the largest producer of automobiles in the country. It is the eighth largest producer in the world.⁴ The position of the Régie Renault in the French automobile industry is an unusual one, for it competes as a public corporation with privately-owned firms in the French and international markets. The purpose of this article is to analyze some of the problems faced by the Régie as a nationalized firm operating in a predominantly private sector of industry which produces consumers durable goods.

In the preamble to the nationalization act of 1945, the French government made clear that through the Régie the state was to constitute "the pivot" in the rehabilitation and development of the

¹ For a sympathetic account of Renault's life and role in the development of the automobile industry see M. A. de Saint Loup, *Renault de Billancourt* (Paris: Amiot-Dumont, 1955).

² *Journal Officiel de la République Française*, Ordonnance No. 45-68 du 16 Janvier 1945, article 1, p. 223. Hereafter referred to as J.O.

³ "Les 25 premières entreprises françaises," *Entreprise*, September 1, 1955, p. 28. The Régie is exceeded in size only by the Société Nationale des Chemins de Fer; Charbonnages de France, and Électricité de France, all three of which are also nationalized enterprises. The Régie is followed by Esso-Standard.

⁴ The Régie is outdistanced in the production of automobiles by General Motors, Ford, Chrysler, the British Motor Corporation, the British Ford company, Volkswagen and Fiat. It is followed by Opel and Citroën.

French automobile industry.⁵ The need for the state to take a direct interest in automobile production, the preamble indicated, stemmed from the failure of private French firms to keep abreast of technological developments prior to World War II and, in general, to measure up to their responsibilities "in a branch of activity of primordial importance for the economy of the country." The preamble not only charged Renault with collaboration with the Nazis, but also alleged that he had not lived up to his commitments to the French army prior to the outbreak of hostilities. The preamble further implied that, though they may not have been as guilty as Renault, the leaders of other French automobile firms also bore a share of the responsibility for the decline of France's automobile industry during the interwar period and for the industry's failure to supply the French armed forces with materiel and prototypes when war became imminent.⁶

It is evident from the preamble to the nationalization act that the French government was not merely concerned to punish an alleged collaborator. Renault was probably no more guilty than certain other industrialists in France whose person and property were untouched. In creating the Régie Renault, the government clearly desired to provide France with a pilot plant which could set the pace for the rest of the automobile industry in time of peace and which could be converted to defense production in time of war. In the decade which has followed nationalization, how has the Régie interpreted the mission assigned it in the nationalization act to operate the enterprise "in the exclusive interest of the nation"?⁷

THE PRODUCTION RECORD

From 1947 through 1955, the Régie Renault put its main effort into the production of the 4CV, the small, rear-engined passenger car which has become such a familiar sight on French roads in recent years. During the same period, the Régie also produced light and heavy trucks, buses, and tractors in large quantity, as well as small numbers of gasoline-powered trains and special motors. The production of such a wide range of vehicles was in part inherited from the policies of the firm before nationalization. It

⁵ J.O. Ordonnance No. 45-68 du 16 Janvier 1945, p. 223.

⁶ *Ibid.*

⁷ *Ibid.*, article 7, p. 223.

was also designed to meet certain of the nation's post-liberation needs which, it was believed, the private firms in the industry might not be able to fulfill entirely.⁸

In 1952, the Régie began the production of the *Frégate*, a larger passenger car which, in terms of its price and the average French pocket book, falls into the higher priced bracket of French stock cars. The decision to bring out the *Frégate* unquestionably influenced the Régie's price policy with respect to the 4CV, but it did not prevent a continuing rise in the output of the smaller car or a constant improvement in its performance. By the end of 1955, the 4CV was coming off the assembly lines at the rate of 600 units per day, a record for French industry at the time, while the annual output of the car had attained 138,629 units.⁹ Production of the *Frégate* also reached a postwar peak with 37,631 units.¹⁰

Starting in 1956, the Régie began the mass production of the *Dauphine*, a five (continental) horsepower passenger car which was designed to compete effectively with certain of the firm's competitors on the international market, such as the Volkswagen, and at the same time to reach a slightly higher income group inside France than that of the 4CV. In the long run, officials of the Régie hope that the *Dauphine*, a far more gracefully designed and spacious car, will supplant the 4CV in the home market as the Régie's most popular model, despite its higher price. During 1956, the Régie produced 78,007 *Dauphines*.¹¹ Though it continued to be produced in greater number than the new car, the output of the 4CV dropped during 1956 to 112,050 units, while that of the *Frégate* was cut back to 28,943. Sparked chiefly by the entry of the *Dauphine* into production, on the other hand, total output at the Régie reached a record high for France of 274,057 vehicles of all types at the end of 1956. This represented a 20 per cent increase over the 1955 record and included, in addition to the three passenger cars mentioned, the production of 45,044 light and heavy trucks and buses, 10,103 tractors, 16 gasoline-powered trains, and 13 subway trains. Suggesting the main

⁸ Interview with M. Pierre Dreyfus, president-general manager of the Régie Renault, July 10, 1956.

⁹ Régie Renault, *Rapport annuel de gestion, exercice 1955*, p. 9.

¹⁰ *Ibid.*

¹¹ *Le Monde*, May 24, 1957.

trend in production policy, the Dauphine was coming off the assembly line at the new record rate of 800 units per day early in 1957, while daily output of the 4CV had been reduced to 400 units.¹² The rapid expansion of the enterprise's output since nationalization is reflected in the fact that the Régie today produces five times the firm's 1938 output of 55,000 vehicles of all types.

In keeping with its role as a pilot plant, the Régie Renault has pioneered in the introduction of modern technology, including automation, in the French automobile industry, as well as in the development of prototypes for possible commercial or military use. The automatic, multiple-purpose machine tools (*machines à têtes multiples*) designed by the Régie's engineers for the production of the 4CV attracted the attention of American and foreign experts as early as 1947,¹³ while the Régie's new assembly plant at Flins, which went into service in 1952, is considered to be among the most modern in the world. In 1956, the Régie demonstrated an experimental, gas turbine car, the Etoile Filante. According to the Régie's engineers, the successful application of the gas turbine to stock cars may result in significant economies for European automobile owners, for, besides the reduction of engine weight and friction, which it could make possible, the gas turbine motor would permit the use of cheaper fuels, such as kerosene.¹⁴ In presenting its experimental car, the Régie showed its capacity to lead the way in the development of prototypes which may prove useful in the designing and production of cars adapted to European conditions, where the high cost of fuel is a prime factor in automobile operation.

The role of the Régie as the pacesetter for the French automobile industry is also brought out through a comparison of its production and export records with those of its competitors. In the production of passenger cars the Régie Renault outdistances any of its rivals in France. It produces approximately one-third of the total French output.¹⁵ The Régie's closest competitor is

¹² *Ibid.* These production figures are modest when compared to those of the leading American firms, whose daily production runs into the thousands and whose annual output runs into the millions, but they compare very favorably with the Régie's European competitors.

¹³ Régie Renault, *Rapport annuel de gestion, exercice 1947*, p. 25.

¹⁴ Press release of the Régie Renault on the "Etoile Filante," June 22, 1956.

¹⁵ Régie Renault, *Rapport annuel de gestion, exercice 1955*, pp. 9 and 59, annexe II.

the private Citroën corporation, which accounts for approximately one fourth of the annual output.¹⁶ Citroën is followed by the new Simca-Ford combination and by the Peugeot firm, which each account for about a fifth of the national production. In the low-priced, small car field, the 4CV's chief competitors are the Citroën 2CV and the Panhard. Citroën's total production of passenger automobiles in 1955, however, was 122,444 against the Régie's 176,260, while Panhard, which specializes exclusively in small cars, produced only 19,289 units. Citroën, on the other hand, outdistanced the Régie in 1955 in the production of industrial vehicles, including trucks, with 58,944 units to the Régie's 45,175.¹⁷

In terms of its size and price, the Dauphine, upon which the Régie now appears to be concentrating its effort, falls at present into the frontier area between low and medium price stock cars in France and on the continent. The rapid rise in the production of this model suggests that the Régie intends to maintain its dominant position in the low priced field and at the same time to compete for a portion of the clientele of the medium price field, where the market has hitherto been dominated by the other three major French producers. In bringing out the Dauphine, the Régie has also sought to meet the demands of those who are no longer satisfied with the 4CV but who cannot at the same time afford the more expensive models in the medium priced range. The slacking off in the production of the Frégate in 1956 on the other hand, suggests that the Régie's efforts to penetrate the higher priced stock car market, led by Citroën, have not proved to be very successful to date, though there is no indication that the Régie intends to abandon its efforts in this field, either. The position of the Régie as France's leading producer since 1945 has yet to be seriously challenged, despite the important Simca-Ford merger in 1954 and a general trend toward concentration among private firms in the industry in France and elsewhere.

The leadership of the Régie is also reflected in the fact that it is France's largest exporter of motor vehicles. The Régie accounts for more than 40 per cent of the country's annual automobile exports to foreign countries.¹⁸ The firm exported more

¹⁶ *Ibid.*, p. 59, annexe II.

¹⁷ *Ibid.*

¹⁸ *Le Monde*, May 24, 1957.

than a quarter of its total output in 1956.¹⁹ In connection with its export program, the Régie operates assembly plants in England, Ireland, Belgium, Spain, South Africa, Japan and Australia.²⁰ During 1956, the Régie set up a sales network of 15 regional distribution agencies and 325 agents in the United States with a view to promoting the Dauphine as a serious competitor to the Volkswagen and other small, foreign cars.²¹ The Régie Renault has, therefore, not only set the pace for national production since the liberation. It has also "carried the flag" for French industry on the international market.

That the Régie Renault's production and export record is impressive is rarely contested in France today, even by those who feel that the state should not, as a matter of principle, be in the automobile business. The record is all the more impressive when it is realized that the Régie has never received financial aid from the state in any form and that, with the exception of 1947, when industry was paralyzed by strikes, the Régie has consistently shown a net profit from its operations.²²

PRODUCTION POLICIES

Despite an outstanding production record, the performance of the Régie Renault has not been entirely free from criticism in recent years, even from the traditional partisans of nationalization. Most of this criticism has stemmed from a popular conception of nationalization which holds that, as it is a public corporation, the Régie should devote its efforts exclusively, at least in the matter of passenger automobiles, to the production of a low priced, popular, or "peoples car." According to this conception, which is entertained in France not only by communists or socialists, but by some Catholic trade union leaders, too, the Régie should never have brought out the Frégate which, by French standards, is a wealthy man's car, or even the Dauphine, which costs considerably more than the 4CV.²³ Instead, so the argument

¹⁹ *Ibid.*

²⁰ Régie Renault, *Rapport annuel de gestion, exercice 1955*, pp. 17; 41-47.

²¹ *Le Monde*, May 24, 1947.

²² Pierre Lefauchaux, "Un exemple significatif," *Synthèses*, December, 1953, p. 155; B. Vernier-Palliez, "La Régie Nationale des Usines Renault," *Rapport présenté au 3ème Colloque des Facultés de Droit*, Grenoble, 1955, p. 8. Vernier-Palliez is the general secretary of the Régie.

²³ During the spring of 1957, the price of the standard 4CV was 412,780

runs, the Régie should have concentrated upon the production and improvement of the 4CV, or upon even more economical models, which, in terms of prices and operating costs, might have put automobiles within reach of many more Frenchmen. The direction of the Régie has never entered the debate on this question, though it could easily point out that such an interpretation of the Régie's responsibility is not the only one which can be drawn from its broadly defined mission to produce in the national interest.

In fact, it seems doubtful that in the present state of technology in the industry an efficient and comfortable passenger car could be produced at a price which the majority of Frenchmen could afford. A recent poll conducted for the Commissariat Général du Plan by the Institut Français d'Opinion Publique indicated that among salaried workers, including white collar and managerial personnel, more than 60 per cent of family heads in France proceed to their place of work on foot or by bicycle.²⁴ Almost 25 per cent use some means of public transportation. Only 10 per cent proceed by motorbike, scooter or automobile.²⁵ It is also revealing that, of the Régie Renault's 50,000 employees, only 12,000 possess their own cars.²⁶

The problem of expanding automobile ownership in France is further complicated by the high price of gasoline, which is approximately twice the prevailing price in the United States, as well as by the comparatively high taxes on automobiles. The Régie Renault has consistently campaigned in recent years for a reduction in the price of gasoline, of which a large part is composed of taxes, as well as for a reduction in the taxes on the sale and operation of automobiles, but on these matters the Régie's efforts have not been crowned with success.²⁷ The discovery of large oil reserves in the Sahara may someday drastically alter the fuel picture in France, but the Suez crisis and the continuing war

frances; that of the Dauphine, 574,662 francs, and that of the Frégate, 919,113 francs, including taxes.

²⁴ M. de Clinchamps, *Enquête sur les tendances de la consommation des salariés urbains* (Paris: Institut Français d'Opinion Publique, 1955), p. 20. The institut is a private institution similar to the Gallup poll.

²⁵ *Ibid.*

²⁶ Statement by M. Pierre Dreyfus, president-general manager of the Régie Renault, to *Paris Presse*, January 6, 1956.

²⁷ Régie Renault, *Rapport annuel de gestion, exercice 1955*, p. 14.

in Algeria rule out any possibility in the short run of a change in the gasoline price or tax situation.

During certain periods of relative price stability in France, the Régie Renault has actually reduced the price of the 4CV and of its other models.²⁸ Simultaneously, the firm has sought to expand sales to lower income groups and to its own employees through the institution of liberal credit policies. As a result, sales to its own personnel attained 5,000 units in 1955, or three times the amount sold to them in 1950.²⁹ Seventy-five per cent of these purchasers were workers, white collar personnel or technicians.³⁰ The Régie estimates that almost two thirds of its sales to the general public in France in 1955 were to consumers in the general category of salary earners,³¹ but this includes managerial personnel, as well as various categories of civil servants.

In the final count, therefore, the 4CV is essentially a middle class or professional man's car, not a "people's car."

The direction of the Régie Renault can scarcely be held responsible for the general economic conditions which seem to preclude the mass production of an automobile at a price which the majority of Frenchmen could pay, and even the critics of the Régie's policies admit that until general purchasing power is raised in France there is little hope of a "peoples car."³² On the other hand, there is reason to believe that significantly greater reductions in the price of the 4CV might have been effected as output increased and production methods improved in recent years, if the Régie had not decided to bring out the Frégate and, more recently, the Dauphine. Though falling short of a realization of the popular vision of a "peoples' car," such reductions might have made the 4CV available to broader segments of the population. It is on this score that some criticism of the Régie's investment and production policies may be justified.

It must first be pointed out that, unlike its private competitors,

²⁸ Régie Renault, *Rapport annuel de gestion, exercice 1953*, p. 27.

²⁹ Régie Renault, *Rapport annuel de gestion, exercice 1955*, p. 12.

³⁰ *Ibid.*

³¹ *Ibid.*

³² Interviews with M. André Colliot, secretary of the Renault local of the Confédération Française des Travailleurs Chrétiens (C.F.T.C.), June 1, 1956, and M. Marius Apostolo, assistant secretary of the Renault local of the Confédération Générale du Travail (C.G.T.). The C.F.T.C. local is Catholic oriented; the C.G.T. local is Communist led, though it has the support of important reformist forces in its rank and file.

the Régie Renault is prohibited as a public corporation from selling shares on the stock market in order to increase its capital. It can finance plant expansion and the production of new models only by floating loans or through self-financing measures.³³ For reasons of principle and in order to avoid charges of favoritism, the French government has never granted the Régie financial aid from the state budget.³⁴ Further, and for reasons which seem more difficult to justify, the Régie has never been granted access by the government to long-term, low interest rate loans from the Fonds de Modernisation et d'Equipement, as have other nationalized enterprises and private corporations.³⁵ As a consequence, the Régie has been compelled to finance new investment entirely from bond issues and long-term bank loans, upon which the interest rates in France are exceptionally high, or from its own revenues.³⁶

The amount which the Régie has borrowed on a long-term basis during the past 12 years is small, compared with the enterprise's total investment. Thus, out of a total investment of 34 billion francs from 1945 through 1953, only 6.8 billion francs were borrowed.³⁷ The remaining 27 billion francs were derived, according to Pierre Lefauchaux, the president-general manager during this period, from seven billion francs in reserves from net profits and from 20 billion francs in depreciation reserves.³⁸ Net profits have never been particularly large, and the Régie has always transferred a portion of these profits to the state or to its employees.³⁹ Detailed information with respect to costs of production, rates of depreciation, and methods of pricing are not made public. It is difficult to come to very specific conclusions with respect to the Régie's self-financing practices and its investment policies. But there can be little doubt that, limited in the sources to which it may have recourse for investment funds, the Régie has carried through its program of development and expansion chiefly through a rigorous policy of self-financing, supplemented by bond issues and bank loans. This has meant that

³³ Régie Renault, *Rapport annuel de gestion, exercice 1953*, p. 32.

³⁴ *Ibid.*

³⁵ *Ibid.*

³⁶ *Ibid.*; Interview with M. Pierre Dreyfus, cited above.

³⁷ Régie Renault, *Rapport annuel de gestion, exercice 1953*, p. 32.

³⁸ *Ibid.*, pp. 26 and 32.

³⁹ See below.

the purchasers of the 4CV have, in no small measure, been called upon to finance in one form or another the launching of the Frégate and most recently of the Dauphine. Given the difficulties encountered by the Régie in financing investment, it is not surprising that critics of its production policies have asked whether the Régie was justified in bringing out either of these more expensive models. Already in 1952, the Catholic oriented Confédération Française des Travailleurs Chrétiens, whose local at Billancourt is strongly supported by the white collar and technical personnel of the plant, pointedly asked in a public statement:

Isn't it peculiar that 4CV, which ought to be the popular car of the century, is sold at such a high price, when almost the entirety of the plant and equipment necessary to its production has been amortized? Isn't it peculiar that the purchasers of the 4CV pay for the investments in the plant at Flins for the Frégate, because the Régie practices a policy essentially of self-financing?⁴⁰

Lefauchaux himself admitted in 1953 that, had the firm been able to secure long-term loans on more liberal terms, the Régie might have pursued a somewhat different policy with respect to the price of the 4CV.⁴¹

The problem of financing new investment has remained essentially the same since then, but the Régie has in the interim greatly stepped up its investment program—in part, no doubt, to prepare for the mass production of the Dauphine. The Régie invested 3.7 billion francs in new plant and equipment in 1954; 8.7 billion in 1955, and 10 billion in 1956.⁴² Of the total amount invested, or some 22.5 billion francs, during these three years, not more than 7 billion francs appears to have been financed out of bank loans or bond issues.⁴³ Net profits were 1.6 billion francs in 1953; 3.9 billion in 1954, and 2.9 billion in 1955,⁴⁴ or a total of 8.5 billion francs. It seems apparent that the Régie has only been able to carry forward this ambitious program by continuing with the rigorous methods revealed by Lefauchaux. A policy of concentrating exclusively upon the production of the 4CV in the

⁴⁰ Quoted in *Le Monde*, October 22, 1952.

⁴¹ Régie Renault, *Rapport annuel de gestion, exercice 1953*, p. 26.

⁴² Régie Renault, *Rapport annuel de gestion, exercice 1955*, p. 28; Press release of the Régie Renault on operations for 1956, dated January 16, 1957.

⁴³ Régie Renault, *Rapport annuel de gestion, exercice 1955*, pp. 27-28; 61.

⁴⁴ *Ibid.*, pp. 27 and 54.

passenger car field might have eliminated the need for such large investments and permitted the sale of the car at prices which far greater numbers of Frenchmen could have afforded.

Although an argument can be made in the case of an enterprise such as Renault for a policy of concentration upon the production of low priced cars, other considerations must be taken into account which no doubt influenced the policy of the Régie and which tend to justify the decisions to bring out the Frégate and the Dauphine, as well as to produce trucks, tractors and other vehicles.

In the first place, it should be recalled that the 4CV was originally conceived of as essentially an interim model, designed to meet the conditions and needs of the immediate postwar period, when, it was foreseen, materials would be in short supply, gasoline would be rationed, and Frenchmen's pocket books and credit restricted.⁴⁵ Though remarkably efficient, the 4CV is neither stylish nor particularly comfortable, even by continental standards. So far as the domestic market is concerned, the Dauphine is the Régie's response to public criticism of the 4CV and reflects the recognition on the part of the direction that at least a part of the small car's former clientele is no longer satisfied with a model which is now a good ten years old. If the Algerian war had not intervened to retard France's return to more normal, peacetime conditions, the decision to bring out the Dauphine could scarcely be questioned, for it is the logical replacement for the outmoded 4CV.

Further, there is nothing in the Régie's mission to produce in the national interest which really precludes the production of more expensive cars for higher income groups. The national interest in automobile production can be interpreted to include satisfying the requirements of different income groups and of different economic interests. Also, certain proprietors of the 4CV today will certainly become the clients for not only the Dauphine but also the Frégate tomorrow, and the Régie can argue that it must take into consideration not only the present, but also the future needs of its present clientele. The argument in favor of the production of a broad range of products is even more convincing in the case of light and heavy trucks and tractors. The Renault

⁴⁵ Statement of M. Pierre Dreyfus to *Paris Presse*, January 6, 1956.

firm was engaged in the production of trucks long before nationalization. In 1956, the Régie launched a new series of tractors designed to meet the requirements of medium and large sized farms in France.⁴⁶ The production of trucks and tractors obviously responds to the needs of important sectors of the French economy, and the Régie's policy in this respect can readily be reconciled with its mission. In bringing out its new series of tractors, the Régie has indicated its desire to aid in the mechanization of French agriculture—an objective which is essential if France is to face up to the competition of its neighbors in a European wide market.⁴⁷

The production of a wide range of passenger cars, trucks and tractors can also, of course, be justified on the grounds that it is necessary to national defense. This aspect of the problem was alluded to in the preamble to the nationalization act of 1945 and has already been discussed.⁴⁸ There is no doubt that the development of the Régie Renault has greatly augmented the nation's war potential and that in the event of full-scale war its plant and its products would be very useful to the French state.

Finally, reasons of national prestige, as well as the nature of competition in the international markets have compelled the Régie Renault, as France's leading exporter of automobiles, to bring out new and more expensive models, such as the Dauphine and even the Frégate. The Régie's sales to foreign countries, including to the United States, are vital sources of much needed foreign exchange for France. More than any other French firm, the Régie Renault is engaged in an increasingly bitter struggle with British, German and Italian firms to preserve and develop French markets for automobiles abroad. Some of the Régie's competitors, notably Vauxhall and Opel and the European Ford companies, have powerful American backers.⁴⁹ The combined facilities of these American and European firms for research, investment and selling are enormous and certainly far greater than those of the Régie or any other French firm.⁵⁰ With a European-wide market now in perspective, the competition between

⁴⁶ Régie Renault, *Rapport annuel de gestion, exercice 1955*, p. 23.

⁴⁷ *Ibid.*, pp. 23-24.

⁴⁸ See above.

⁴⁹ Régie Renault, *Rapport annuel de gestion, exercice 1954*, p. 29.

⁵⁰ *Ibid.*

French and foreign firms will increase and will sooner or later be transferred to the protected national market.⁵¹ Unless it can keep abreast of technological developments and also maintain the prestige of French automobiles abroad, there is the very real danger that in the event of such a development, or even short of it, French producers will go under or become the subsidiaries of more powerful foreign firms. The recognition of this threat to the French automobile industry, with its generally higher costs of production, taxes, and social security charges,⁵² explains in no small measure why the direction of the Régie Renault has forced the pace in its investment programs in recent years. Unlike the 4CV, the Dauphine can be expected to provide some real competition in the American and European markets for the Volkswagen and the British Motor Corporation's products, as well as for the smaller models of the General Motors and Ford affiliates in Europe.⁵³ The Dauphine, or something similar to it, will also be France's best protection against the competition of smaller, foreign cars, if a common European market becomes a reality in the near future. National prestige and the continued recognition of French styling may have required the Régie to bring out the even more elegant and expensive Frégate. It is certain, in any event, that the future of the French automobile industry is closely dependent upon the Régie's success in defending the French position in the international and eventual European common markets.

All of the considerations which have been mentioned have influenced to one degree or another the production policies of the Régie Renault. It cannot be shown, however, that any one of them has been overriding in its impact upon these policies. The Régie's approach to production problems in the difficult and changing conditions of the postwar period has been largely empirical and experimental. Further, the policies of the Régie have been conditioned by the fact that the enterprise is the leading producer in an industry which in France is characterized by oligopoly.⁵⁴ And, as has been observed, the producers in an industry where oligopoly prevails will inevitably arrive at a "con-

⁵¹ See the statements by M. Pierre Dreyfus to the press in *Le Monde*, July 18, 1957.

⁵² Régie Renault, *Rapport annuel de gestion, exercice 1954*, pp. 30-33.

⁵³ The Dauphine sells in New York for approximately \$1600.

⁵⁴ Maurice Byé, Mario Einaudi, and Ernesto Rossi, *Nationalization in France and Italy* (Ithaca, 1955), pp. 122-123.

vention" which "outlaws the use of prices as a weapon of competitive warfare."⁵⁵ The convention rarely takes the form of a written agreement. Rather, it is arrived at gradually and becomes accepted almost unconsciously as "a part of customary business practice."⁵⁶ Now, the "convention" does not rule out moderate changes in prices.⁵⁷ It definitely does not rule out technological progress.⁵⁸ On the contrary, one of the forms which competition assumes under oligopoly is precisely that of technical innovation,⁵⁹ and in the case of the automobile industry this includes the regular introduction not only of new methods of production, but also of new models. The performance of the Régie Renault during the past 12 years suggests that it has faithfully adhered to the basic rule of oligopoly, for it has never used price competition consistently or aggressively as a means of winning away its competitors' customers or of taking over the market. Quite in keeping with the role of the largest producer in an oligopolistic industry, the Régie has been content to pioneer in the introduction of new machinery and equipment. After careful study of the market possibilities, it has brought out new models, such as the *Frégate* and the *Dauphine*. But recognizing that aggressive price competition would be self-destructive,⁶⁰ the Régie has never sought to evince its competitors from the market through price warfare. The application of the national interest to automobile production, it has been indicated, is susceptible of broad interpretation. Certainly, there are no compelling reasons flowing from its mission which would prompt the Régie to act in a completely different manner from a private enterprise in an industry dominated by a few, large firms. On the contrary, and precisely for the reason that it is a public corporation, subject ultimately to political controls as well as to economic pressures, the Régie may be under more than the ordinary compulsion to operate according to the rules of the game in oligopoly. Any effort on the part of the Régie to alter drastically the terms of competition in the

⁵⁵ John K. Galbraith, *American Capitalism*, Revised edition (Boston, 1956), p. 45.

⁵⁶ *Ibid.*

⁵⁷ *Ibid.*

⁵⁸ *Ibid.*, pp. 86-88.

⁵⁹ *Ibid.*, p. 88.

⁶⁰ *Ibid.*, p. 46.

industry might raise political, as well as economic questions with respect to its future. The Régie has, therefore, set the pace for the French automobile industry in the postwar period, but it has been entirely content to do so by remaining within the bounds prescribed by the particular conditions of competition in the industry.

This does not mean that the Régie has failed to assume the responsibilities set forth in the nationalization act. In matters of production policy, it has been in every way a pilot plant. Through its investment policies and its export program, the Régie has succeeded in instilling some dynamism in an industry which before the war in France was characterized by conservatism and even stagnation.⁶¹ If this is not necessarily out of keeping with the role of the leading producer in oligopolistic competition, it is noteworthy that it has been a state-owned enterprise in this case which has shown the greatest initiative and imagination in the reconstruction and expansion of an industry.

Further, the direction of the Régie has consistently campaigned for a coordinated investment program among the nationalized enterprises in France in order to stimulate long run economic development in the economy as a whole, as well as for the adoption by the government of counter cyclical policies based upon the development programs of these enterprises.⁶² Nothing very concrete has ever come from these efforts, though the Régie's officials cooperate closely with the various planning services of the government. The president-general manager of the Régie, Pierre Dreyfus, has been closely associated with Pierre Mendès-France, one of the few French political leaders to manifest a serious interest in the coordination of private and public investment programs, and a close collaborator with Gabriel Ardent, the general commissioner for productivity under recent French governments. All three men have clearly been influenced by Keynesian theories with respect to investment problems.⁶³ Thus, not only in matters pertaining to the automobile industry, but also with respect to problems of general economic policy the officials of the Régie have demonstrated a willingness to assume re-

⁶¹ Interview with M. Pierre Dreyfus, cited above.

⁶² Statement of M. Pierre Dreyfus to *Paris-Presse*, January 6, 1956.

⁶³ See Pierre Mendès-France and Gabriel Ardent, *Economics and Action* (London, 1955), pp. 198-202; 207-215.

sponsibilities which might be regarded as well beyond the call of duty by the leaders of private corporations in France.

LABOR RELATIONS AND THE RÉGIE RENAULT

The Régie Renault has also sought to blaze the way in labor relations in the French automobile industry and even to set the pace in this field for all industry in France. But on this score the results have been less spectacular. However, this is not entirely the Régie's fault.

First, it must be recalled that the Renault plant at Billancourt was the focal point for friction between labor and capital in the Paris region during the interwar period.⁶⁴ The size and location of the plant, situated in the heart of the important Parisian metallurgical industry, accounts in part for the situation. Louis Renault's paternalistic and violently anti-labor policies also aggravated relations between the firm and its personnel. The plant at Billancourt came to be looked upon by labor as the citadel of French big business. It was one of the first to be occupied by sitdown strikers in the great strike wave that followed the Popular Front electoral victory in 1936.⁶⁵

As the largest single industrial enterprise in the Paris region, the Régie Renault almost inevitably has continued to be the point of concentration for trade union strategy and tactics.⁶⁶ Trade unionists, no matter what the political leanings of their leaders, continue to regard a victory won at Renault as the prelude, and often as the prerequisite to similar victories throughout the automobile and metallurgical industries.⁶⁷ Private employers in the industry, on the other hand, tend to take heart and to adopt a more intransigent stand toward trade union demands if the Régie stands firm during a campaign for wage increases or in the face

⁶⁴ See Saint-Loup, *op. cit.* I have drawn upon an interview accorded me by the Régie on June 4, 1956 with M. Didier Limon, of its Bureau d'études des problèmes de production, for much of the background information with respect to the Renault firm in the pre-nationalization period, as well as for data on present labor relation policies.

⁶⁵ Interview with M. Didier Limon, cited above.

⁶⁶ *Ibid.*

⁶⁷ Interviews with M. André Colliot, secretary of the Renault local of the Confédération Française des Travailleurs Chrétiens, and M. Marius Apostolo, assistant secretary of the Renault local of the Confédération Générale du Travail (C.G.T.), cited above.

of a strike.⁶⁸ In short, the Régie is caught in the crossfire of capital and labor, whether its direction or the government wish it to be or not.

Though there is general agreement that the atmosphere has greatly improved since the days of Louis Renault, wages, hours and conditions are only slightly better at the Régie than elsewhere in the automobile industry.⁶⁹ At certain periods, wages have been even slightly higher at some of the Régie's major competitors, but this discrepancy has in part been compensated by the better working conditions in the Régie's plants. Wages in the related aircraft industry, on the other hand, are generally higher.⁷⁰ The upshot has been that, after the initial flush of enthusiasm and the period of close cooperation with the direction following nationalization, the personnel of the Régie, which in its majority has remained loyal to the Confédération Générale du Travail (C.G.T.),⁷¹ today regards the direction of the Régie in very much the same way that it does a private employer. No one at Billancourt favors denationalization, but *l'état patron*, as personified by the Régie, is looked upon as just another *patron* by most workers, and often as a rather intransigent one at that.⁷²

This attitude of the personnel at the Régie also reflects the disillusionment of many French workers who believed that nationalization would introduce something of a millennium in labor relations and that labor's condition would not only be vastly improved, but that labor would, in addition, obtain an effective

⁶⁸ Interview with M. Didier Limon, cited above.

⁶⁹ *Ibid.*

⁷⁰ *Ibid.*

⁷¹ In the elections to the important enterprise committee at Billancourt in 1956, for instance, five C.G.T. delegates were elected by the manual and white collar personnel to the rival coalition's two delegates. On the other hand, only one C.G.T. delegate was elected to the coalition's three by the technical and managerial personnel of the plant. The C.G.T. over the past 10 years has regularly received the support of approximately 75 per cent of the vote cast by worker and white collar personnel, or 60 per cent of the total number of eligible voters. Abstentions have run to slightly more than 15 per cent. The C.F.T.C. is the second strongest union among the plant's workers and white collar personnel. It has the support of approximately 10 per cent of the eligible voters in the latter category. The Syndicat Indépendent Renault and the C.G.T.-Force Ouvrière trail with approximately seven and six per cent of this category, respectively. See *Le Monde*, June 3, 1956; *Nouvelle Gauche*, February 24, 1957.

⁷² Interviews with MM. Didier Limon, André Colliot, and Marius Apostolo, cited above.

voice in the direction of nationalized enterprises. Labor's expectations in this respect have not been fulfilled, and very probably could not have been in the trying circumstances of postwar France. But a consequence has been that the Régie, along with all other nationalized enterprises, has been plagued with strikes and work stoppages since 1947. It is suggestive of the social problems posed by nationalization that the first big industrial strike after the liberation broke out at the Régie in April, 1947, despite initial efforts on the part of the C.G.T. leadership and the Communist ministers in the coalition government to head it off. This strike led to the break up of the tripartite government coalition shortly thereafter.⁷³

Relations with its 50,000 employees have also been rendered difficult by the fact that the Régie, until quite recently, pursued a unilateral and almost paternalistic policy with respect to matters of wages, hours and conditions in its plants. This approach to labor relations was in part, of course, forced upon the Régie by the persistent efforts of the dominant Communist leadership in the C.G.T. since 1947 to convert movements in the enterprise and the industry aimed at wage increases into political campaigns against the French governments of the period. At the same time, as more moderate governments came into power in France, the Régie was unquestionably subjected to considerable pressure to hold the line against wage increases, though it cannot be said that the Régie always followed the government's policies in this regard.⁷⁴ Until 1955, the Régie's approach under these admittedly difficult circumstances was to cut the C.G.T. out of all negotiations and to refuse to negotiate seriously even with the other trade union organizations, some of which, such as the Catholic inspired Confédération Française des Travailleurs Chrétiens commands an important minority following from the personnel. Without ever seriously consulting the trade unions, the direction of the Régie simply handed down wage increases when it believed the situation merited them or found it prudent to do so. It announced improvements in working conditions in a similar fashion. The officials of the Régie do not deny that during this period, their approach was a unilateral one. In a speech to the

⁷³ See *Le Figaro*, April 26-May 16, 1947.

⁷⁴ See below.

Rotary Club at Lyon on April 18, 1956, M. Jean Myon, the Régie's director of social relations, stated that during this period the Régie "systematically pushed aside all the unions, splitting off the representatives of the personnel and in effect relegating them to a position of negative opposition."⁷⁵ The Régie's officials insist that there were no real alternatives. The Régie justified its refusal to negotiate with the majority C.G.T. on the grounds that, as it was Communist led, it could not be trusted to live up to agreements. But even in its relations with other unions, where this pretext could not be invoked, the Régie did not hesitate to resort to the classical French employer tactics of divide and rule. There is even reason to believe that upon one occasion the Régie deliberately facilitated the organization of an "independent" union at Billancourt which at first bore most of the earmarks of a typical company union.⁷⁶ This manoeuvre backfired seriously when the union was taken over by elements formerly identified with General de Gaulle's Rassemblement du Peuple Français (R.P.F.) and when one of the union's factions, apparently acting for certain private interests which hoped to see the Régie denationalized, launched a crippling strike in one of the plant's departments on April 15, 1953. The strike continued for almost a month and even resulted in the closing down of the plant at Billancourt for several days.⁷⁷

Despite this and a few other bizarre episodes in its relations with its personnel during this period, it cannot be denied that the Régie led the rest of the automobile industry not only in granting frequent, if modest, wage increases, but also in the introduction in France of such measures as the sliding scale (*echelle mobile*) in wages in 1950, the construction of housing and health facilities for its personnel, and the institution of an old age pension system which is complementary to that paid by the state. There is gen-

⁷⁵ The speech was made public in a press handout of the Régie which was given to the writer by the firm.

⁷⁶ There is no evidence that the Régie aided the union financially, but the direction, according to some observers, carefully placed the union's sympathizers in strategic departments of the plant. See *Le Monde*, May 8, 1953; *France Observateur*, May 14, 1953.

⁷⁷ *Le Monde*, May 8, 1953. It is somewhat ironic that the president-general manager of the Régie at the time, Pierre Lefauchaux, publicly denounced the union and charged that private interests which wished to discredit the Régie were behind the strike. See *Le Monde*, April 26 and May 9, 1953.

eral agreement that working conditions inside the Régie's plants are superior to those elsewhere in France.⁷⁸

But these concessions and improvements handed down from above did not prevent strikes and work stoppages at the Régie during the first ten years of its existence. When strikes occurred the Régie did not hesitate to appeal to its proprietor, the government, for powerful support. This sometimes, as in the case of the strikes in 1952 and 1953, took the form of massive concentrations of the police, the garde mobile and the shock troops of the Compagnies Républicaines de Sécurité,⁷⁹ and the use of these forces to eject the personnel from the plant. In this regard, some trade union leaders, and not only those of the C.G.T., tend to feel that in the final count, the Régie is a more difficult employer to deal with than a private employer, particularly when matters reach the strike stage. As one C.G.T. leader, who also sits on the Régie's board of directors, told the writer, the essential difference between a strike at the Régie and a strike against a private company is that in the former case "the *garde mobile* is always automatically called out."⁸⁰ A leader of the C.F.T.C. at the plant somewhat ruefully stated that when the personnel of the Régie goes on strike it has "the entire nation against them," not just the officials and stockholders of a private corporation.⁸¹

Precisely what the solution is, if any, to the problem of the strike in a nationalized enterprise such as Renault is difficult to determine. The Régie cannot be considered a public utility and a strike at Billancourt can scarcely be held to endanger vital public interests, even though the plant is state-owned. The elements of what may constitute at least a new approach, if not a solution to the problem began to emerge after the appointment in 1955 of Pierre Dreyfus as president-general manager of the Régie. Early in September, 1955, the Régie for the first time began to negotiate in a serious manner with the minority trade unions at Billancourt.⁸² The trade unions and the Régie reached an agreement

⁷⁸ Interviews with MM. Didier Limon, André Colliot and Marius Apostolo, cited above.

⁷⁹ See, for instance, *Le Monde*, February 19, 1952.

⁸⁰ Interview with M. Raoul Bourdin, representative of the personnel on the board of the Régie Renault, June 13, 1956.

⁸¹ Interview with M. André Colliot, cited above.

⁸² These included the C.F.T.C., the C.G.T.-Force Ouvrière, the Syndicat Indépendant Renault and the Confédération Général des Cadres.

on the main issues on September 15 and the accord was made public the following day at a press conference with Dreyfus and amidst considerable fanfare.⁸³ The provisions for a wage increase of four per cent, with the possibility of a further increase of four per cent later in the ensuing months,⁸⁴ fell far short of the 22 per cent increase for which the C.G.T. and other unions had been campaigning throughout the metallurgical industry.⁸⁵ Further, the accord contained certain clauses in its preamble and in the text which, taken together, bordered on a no strike pledge and appeared to permit the Régie to cancel its commitments in the event it judged the agreement had not been lived up to.⁸⁶ As a result, the C.G.T., which had been admitted to the negotiations only at the last stages, announced its refusal to sign. Even the C.F.T.C. withheld its signature for 24 hours, while its leaders studied the no strike provisions.⁸⁷ Some months later, after a sharp debate, which necessitated the intervention of its national leaders, the C.G.T. local at Renault announced its willingness to sign the agreement after all, provided the passages in the preamble which suggested that the personnel were as responsible as the direction for the economic success of the enterprise and the no strike clauses would be considered inoperative.⁸⁸ These conditions proved unacceptable to the direction of the Régie,⁸⁹ and matters have rested there, with, however, considerable maneuvering on the part of both the Régie and the C.G.T. to permit negotiations on wage and other issues covered by the agreement, without either side's having to make formal concessions on the principles alleged to be involved.

What was significant in the accord of September 15 was not the preamble or even the provisions, though the clauses granting

⁸³ *Le Monde*, September 17, 1955.

⁸⁴ For the text of the accord see *Droit Social*, January, 1956, pp. 22-24.

⁸⁵ See the article by Benoît Frachon, general secretary of the C.G.T. in *L'Humanité*, September 9, 1955.

⁸⁶ See R. Jassaud, "L'Extension de l'accord Renault du 15 Septembre 1955," *Droit Social*, March, 1956, p. 150.

⁸⁷ *Le Monde*, September 17, 1955.

⁸⁸ *L'Humanité*, November 23, 1955. The C.G.T. charged that the passage in the preamble amounted to "class collaboration" while the no strike provisions violated both the Constitution and the French labor code and the collective bargaining law of 1950. Neutral observers concede that the no strike provisions present some difficult problems with respect to labor's rights and the law. See Jassaud, *op. cit.*, p. 150.

⁸⁹ *Le Monde*, December 1, 1955.

all employees with a year's seniority three weeks paid vacation and announcing a more substantial old age pension program, represented substantial concessions. The new development lay in the Régie's formal commitment in the accord, and in M. Dreyfus' statement to the press, to conduct negotiations henceforth on the basis of equality with the unions and further to exclude no union from such negotiations. The test of the new approach will be measured by the Régie's willingness in the future to admit the majority C.G.T. union to negotiations from the start. The fact that the Régie opened negotiations and concluded the accord at a time when a strike wave of major proportions was sweeping the metallurgical industries cannot be overlooked. Though the Régie cannot really be accused of strike breaking, as the C.G.T. charged, there is no doubt that the announcement of the accord stopped the strike movement which in the shipyards at St. Nazaire and Nantes had resulted in gains of as much as 22 per cent.⁹⁰ As one official of the Régie put it to the writer, the Régie, in opening negotiations, "chose the right moment to apply a plan well prepared in advance."⁹¹ The director of labor relations at the Régie, M. Jean Myon, stated that the "events at Saint Nazaire and Nantes last summer . . . and their repercussions throughout the country provided a favorable occasion for the conclusion of the accord."⁹² The Régie, in short, acted in its own interests to forestall a possible strike at Billancourt. Labor leaders halted the strike movement to see if other firms would follow with similar concessions. This was the case, for the accord provided the formula for several similar agreements subsequently in the industry.⁹³

That the accord of September 15, 1955 has probably not entirely relegated the strike to the past at the Régie, however, is attested by the fact that a serious work stoppage, called jointly by the C.G.T., the C.F.T.C. and the F.O., took place at Billancourt on June 29, 1956 as a result of a dispute with the direction over the increase in salaries to be made under the terms of the agreement.⁹⁴

⁹⁰ See *Le Monde*, August 4 and 23, 1955; September 9, 1955; October 5 and 6, 1955.

⁹¹ Interview with M. Didier Limon, cited above.

⁹² See above, pp. 190-191.

⁹³ Notably at the Peugeot plant.

⁹⁴ See *Le Monde*, July 18, 1956; *Nouvelle Gauche*, February 24, 1957.

From these more recent developments at Billancourt, it can be concluded that in its relations with its personnel and the trade union movement, the Régie conducts itself very much in the manner of the more enlightened, large American corporations. In the light of traditional French practices this is no doubt a considerable step forward.

DIRECTION AND MANAGEMENT

The Régie Renault is not only unique in that it is a great, state-owned enterprise competing in a predominantly privately-owned sector of industry. In its form of organization and direction and in its methods of operation it is quite unlike other public corporations in France.⁹⁵

Though the Régie has a board of directors organized according to the tripartite formula which is typical of most postwar public corporations in France, the effective power of decision with respect to policies and operations is concentrated in the single person of the president-general manager, who is appointed by the government.⁹⁶ The fifteen-man board of the Régie, composed of representatives of the clientele, the personnel, and the state, has only consultative powers.⁹⁷ In the event of a dispute between a majority of the board and the president over those issues about which the former must be consulted, the minister of production, under whose authority and control the Régie is formally placed, decides.⁹⁸

In fact, in its composition the board of directors is sufficiently weighted in favor of the state and against the other two interest groups to preclude the formation of a majority against the government. The president-general manager is himself a member of the board. In addition, seven members represent various government ministries, including those concerned with production, commerce, transport, labor and national defense.⁹⁹ The minister of production appoints two members to represent the Régie's

⁹⁵ The term public corporation is used here in the British and American sense. The precise legal status of the different types of French public enterprise remains the subject of debate among French jurists.

⁹⁶ *J.O.*, Ordonnance No. 45-68 du 16 Janvier 1945, article 8, p. 223; Decret no. 45-342 du 7 Mars 1945, article 1, p. 1215.

⁹⁷ *J.O.*, Decret no. 45-342 du 7 Mars 1945, article 8, p. 1216.

⁹⁸ *Ibid.*

⁹⁹ *Ibid.*, article 3, p. 1215.

clientele. These have usually been selected from among the Régie's chief clients in the nation's motor transport industry or from officials of one of the major French automobile clubs. Six members of the board, also appointed by the minister of production, represent the different categories of the personnel of the Régie. Of these, three represent the manual workers, one represents the foremen and white collar personnel, and two represent the managerial and technical staffs. Board members are appointed for a six year term.¹⁰⁰ They can be revoked by the minister for cause at any time. They receive no remuneration for their services, other than small sums to cover expenses.¹⁰¹

Given their numerical inferiority, the representatives of the personnel on the board entertain few illusions regarding the extent of their influence over general policies. This accounts in part for the lack of a positive interest among the personnel with respect to the Régie's production programs or its long-run development plans. The representatives of the personnel claim that the direction refuses to make available detailed information about costs of production, depreciation, and prices which would be required in order to come to serious conclusions regarding the operations and policies of the enterprise.¹⁰² The experience of the past twelve years shows, in any case, that the personnel representatives on the board have usually been interested only in the impact of the Régie's policies upon the personnel and not in the development of the enterprise itself. Although they, too, acknowledge that policy is formulated and decided by the president-general manager, the representatives of the clientele, on the other hand, insist that the direction of the Régie has consistently sought their advice and has been receptive to their suggestions. Further, they claim that the mutual give and take provided by board meetings has been beneficial to both the enterprise and its clientele.¹⁰³

So far as personnel policies are concerned, the center for dis-

¹⁰⁰ *Ibid.*

¹⁰¹ *Ibid.*, article 5, p. 1215.

¹⁰² Interviews with M. Robert Lucente, June 13, 1956, and M. Raoul Bourdin, June 13, 1956, representatives of the personnel on the board of the Régie Renault. M. Lucente is a leader of the Catholic oriented C.F.T.C. M. Bourdin is a C.G.T. leader.

¹⁰³ Interviews with M. Philippe Livry-Level, June 8, 1956, and M. Jean Richard-Deshais, June 16, 1956, representatives of the clientele on the board

cussion is not the board anyway, but the central enterprise committee, which not only takes up questions of wages, hours and conditions, but which also directs the greater part of the Régie's social welfare program, including its canteens and restaurants, which serve 10,000 meals each day, its creches, clinics, and recreation facilities. The social welfare budget of the Régie amounted to 915 million francs in 1955 alone.¹⁰⁴ With the exception of the president-general manager of the Régie, who is its presiding officer, the committee is elected by the personnel of the Régie at Billancourt and its other plants.¹⁰⁵ It is from this committee that the minister of production must select the representatives of the personnel for appointment to the board of directors.¹⁰⁶

The formal approval of the board of directors, which meets approximately once a month, is required for such important matters as the annual production plan, the purchase and sale of property, the construction of new plants, long-term loans, and the distribution of profits.¹⁰⁷ But, as indicated earlier, these powers are at best consultative and often they are purely formal. They serve essentially as a means for the government to check upon operations through its majority representatives on the board. The board itself cannot remove the president-general manager. At the most it can delay the application of policies. As long as the president-general manager does not run into serious conflict with the minister of production or the government, there is little that the board, and particularly its minority, can do to alter policies. The board is also called upon to approve the annual balance sheet, the statement of profits and losses, and the annual report before they are presented to the minister of production, and ultimately to parliament.¹⁰⁸ The discussion between the direction and the personnel representatives on the board over these documents, particularly with respect to the Régie's profits, has often been bitter, but the board majority has always supported

of the Régie Renault. M. Livry-Level, a former deputy, is an industrialist. M. Richard-Deshais is the head of France's largest motor transport firm and, as such, he is also the Régie's most important client for trucks and buses.

¹⁰⁴ Régie Renault, *Rapport annuel de gestion, exercice 1955*, p. 38.

¹⁰⁵ *J.O.*, Decret No. 45-342 du 7 Mars 1945, articles 10-25, p. 1216.

¹⁰⁶ *Ibid.*, article 3, p. 1215.

¹⁰⁷ *Ibid.*, article 8, p. 1216.

¹⁰⁸ *Ibid.*

the direction and the president-general manager has not had to fall back upon the minister for arbitration.

The fact that the board has no effective voice in policies also accounts for the general lack of interest manifested by the personnel over the Régie's profit sharing program which was provided for in the nationalization act.¹⁰⁹ The practice of the Régie has been to split profits, after the payment of taxes and the setting aside of reserves, equally between the state and the firm's personnel. The personnel has received its share in the form of an annual bonus which in recent years has averaged around 5,000 francs, or approximately \$15 per employee. At the end of 1954, for example, the Régie paid 22 billion francs in taxes to the state.¹¹⁰ Its net profit was 3.9 billion francs. Of this, the Régie turned 750 million francs over to the state and distributed an equivalent amount to its personnel. Of the remainder, 196 million francs were placed in a so-called legal reserve and 2.3 billion francs were placed in the general reserves of the firm.¹¹¹ Trade union leaders unanimously express the view that they would prefer to drop the profit sharing practice and to take benefits in the form of wage increases, instead.¹¹² They assert that the real profits of the Régie are hidden, anyway, and that they are taken out in the form of depreciation allowances and other special reserves which, they charge, permit the Régie to carry through its ambitious investment program. As a Catholic trade union leader who sits on the board expressed it to the writer, the net profits which the Régie shares are strictly "book profits" and reflect only "accounting procedures" which, though they faithfully fulfill the legal requirements, mask the real economic situation at the Régie.¹¹³ While rejecting these allegations, the officials of the Régie are not very enthusiastic about the profit sharing system, either. They tend to feel that it raises illusions and causes friction which could well be avoided to the benefit of all sides.¹¹⁴ Certainly, the small amount of the annual bonus per person scarcely justifies the rigmarole which usually accompanies each year's

¹⁰⁹ *J.O.*, Ordonnance No. 45-68 du 16 Janvier 1945, article 11, p. 224.

¹¹⁰ Régie Renault, *Rapport annuel de gestion, exercice 1954*, pp. 50-51.

¹¹¹ *Ibid.*

¹¹² Interviews with MM. André Colliot, Robert Lucente, Marius Apostolo and Raoul Bourdin, cited above.

¹¹³ Interview with M. Robert Lucente, cited above.

¹¹⁴ Interview with M. Didier Limon, cited above.

discussion by the board of the Régie's proposal for the distribution of profits.¹¹⁵

The concentration of policy making power in the person of the president-general manager came as a deception to the trade union movement in 1945, though the provisional government of General de Gaulle in publishing the nationalization act claimed that the form of direction of the Régie had been "inspired by the doctrine of worker participation."¹¹⁶ In fact, the inspiration for the Régie's organization was derived chiefly from a study drawn up during the Resistance by the Organisation Civile et Militaire (O.C.M.), one of the more moderate resistance groups which had strongly supported de Gaulle and of which the first president-general manager of the Régie, Pierre Lefauchaux, was a leader.¹¹⁷ Unlike most proposals from the left-oriented Resistance, the O.C.M. study reflected a definite bias in favor of policy formulation for nationalized enterprises by experts rather than by large governing boards which included interest representation.¹¹⁸ The study provided for the representation of consumer and trade union groups in the form of "supervisory councils," but their function was to be strictly consultative.¹¹⁹ The resemblance between these proposals and the actual organization of the Régie Renault is striking and the influence of the O.C.M. is unmistakable. In relegating the board of directors to the function of a purely consultative organ and in granting the president-general manager sweeping powers with respect to policies, the provisional government in 1945 created a type of organization in which decision making was centralized and the interests of the state, as the sole proprietor, stressed over those of consumer and personnel groups. Though this evoked protests from the left at the time, the government's solution, as subsequent events have shown, had certain definite merits. First, the Régie's form of

¹¹⁵ In 1955, the dispute over profit distribution ran beyond the time limit set for the annual report, and only the data on the total amount of net profits, 2.6 billion francs, was included in the report. Régie Renault, *Rapport annuel de gestion, exercice 1955*, p. 54.

¹¹⁶ J.O., Ordonnance No. 45-68 du 16 Janvier 1945, p. 223.

¹¹⁷ Interview with M. Maxime Blocq-Mascart, December 11, 1954. M. Blocq-Mascart, a member of the Conseil d'Etat at the time of the interview, was one of the founders of the O.C.M.

¹¹⁸ See the text of the O.C.M. study, completed in 1943, as reprinted in Maxime Blocq-Mascart, *Chroniques de la Résistance* (Paris: Editions Correa, 1945), pp. 309-471.

¹¹⁹ *Ibid.*, p. 468.

organization eliminated the possibility of illusions or of confusion with respect to the power of decision in policy matters. Second, it clearly defined responsibilities. It should also be noted that the Régie is not subject to the type of operating controls which are imposed on all nationalized enterprises in the public utilities or banking fields in France. Its books are examined at the end of each year by certified public accountants, appointed by the finance minister, and its operations are reviewed by the Commission de Verification des Comptes, created in 1948 to investigate the accounts and to survey the operations of all French public and semi-public corporations. Together with the Régie's accounts and its annual report, the reports of these officials are submitted to the minister of production and to parliament. But, so far as current operations and policies are concerned, and to the extent that the government gives him a free hand, the president-general manager of the Régie is in complete control, and the success of the Régie, or its failure, depend upon him.

In this respect the organization of the Régie is very different from that prevailing in the nationalized coal, gas and electrical power industries and in the nationalized banks and insurance companies. There, power to set policies is formally centered in governing boards representing the consumers, the personnel and the state in approximately equal number. The boards elect their presidents and, in most cases, appoint the general managers with the consent of the government. In practice, however, this system has proved to be unworkable, for in the trying circumstances of the postwar period, French governments have, and usually with good reason, refused to permit the governing boards to make decisions in such critical matters as wages, prices and investments. As a result of the cold war and social strife in France since 1947, the boards in fact became the stages for political as well as economic struggles between the Communists and leftwing trade unions and the government. In an effort to overcome these difficulties, the powers of the board were hedged with numerous operating controls, many of them carried out by overlapping commissions. As it now operates in practice, the system in these industries is not far different from that at the Régie, in the sense that, within the framework of broad government directives, the general managers of the big nationalized corporations, and not

the governing boards, are the real policy makers. But this result has been achieved at the price of continuing confusion with respect to responsibilities and much red tape.¹²⁰

The Régie Renault, on the other hand, has been almost entirely free of such difficulties. This situation is of course partly to be attributed to the fact that the Régie cannot be considered to be a public utility. The government has, therefore, been less inclined to impose operating controls on the enterprise. But the form of organization and direction of the Régie, which has made it possible to avoid the difficulties raised by the tripartite governing board, has also greatly contributed to the success of the Régie. And within this organizational framework, the personal factor has no doubt played the prime role, for the Régie has been particularly fortunate in having as its first leaders two men of exceptional quality.

Despite some rather vague socialist pretensions,¹²¹ the first president-general manager, Pierre Lefauchaux, who directed the destinies of the Régie for its first ten years, was in his character and his methods very much a captain of industry. Trained as an engineer, Lefauchaux rapidly rose to the top in French industry during the interwar years.¹²² After serving on various technical missions for private firms in the French empire, Lefauchaux entered the important Compagnie de Construction de Fours in 1925, of which he became the director during World War II. During the Resistance, Lefauchaux also became chief of the Paris section of the O.C.M., until his capture and deportation by the Gestapo in 1944. Before he would accept the appointment as the Régie's president-general manager late in 1944, after his return from deportation, Lefauchaux insisted that the provisional government guarantee him a free hand in the construction and development of the firm, whose main plant at Billancourt had been seriously damaged by Allied bombings.¹²³

Lefauchaux's ten years at Renault, from 1944 to 1954, were characterized by dynamic and aggressive leadership in every field

¹²⁰ For the situation in the French nationalized industries in general see Byé, Einaudi and Rossi, *op. cit.*, and Jean Rivero, "Le Fonctionnement des entreprises nationalisées," *Droit Social*, November, 1955, pp. 535-538.

¹²¹ See Pierre Lefauchaux, "Passage au Socialisme," *Les Cahiers Politiques*, March, 1945, pp. 37-53; April, 1945, pp. 37-48.

¹²² *Le Monde*, February 12, 1955.

¹²³ *Ibid.*

of the enterprise's activities. The production record at the Régie, achieved through rigorous self-financing methods, and Lefauchaux's authoritarian approach to his employees have already been mentioned. Upon several occasions, Lefauchaux did not hesitate to act against official government policy. In 1951, for example, he handed down wage increases to the Régie's employees at a time when the official policy was to hold the line on wages. Lefauchaux not only actively combatted the intrigues of certain politicians and their backers to bring about the denationalization of the Régie.¹²⁴ He also consistently repulsed efforts of the government to saddle the Régie with the operating controls prevailing elsewhere in the public sector of finance and industry, which he believed would be fatal to the enterprise, given its position in a competitive industry. His conception of the relations between the state and the Régie were well summed up in a statement made at the Institute of Comparative Law in Paris in 1954:

According to the charter of the Régie, the State has delegated its powers of direction to the enterprise. One might say that the State reigns, but does not govern. Though it is the sole proprietor of the Régie, it leaves to the enterprise the responsibility for financing its activities. The State created us, but it does not nourish us, and we in no manner wish to live in its shadow. We consider *l'étatisme* the worst of the evils which might afflict the Régie Renault.¹²⁵

Lefauchaux earned the admiration, but probably also the fear and dislike of some of his competitors as well as his personnel. Had it not been for his aggressive character and policies, however, the Régie might well have gone under in the early years of its existence, when strong pressures were upon it from above and below, and the Régie had to face strong competition from private firms in the domestic and particularly in the international markets. The success of the Régie is in no small measure the result of his leadership. Lefauchaux was killed early in 1955 in an automobile accident.¹²⁶

In his successor, Pierre Dreyfus, the Régie has also been fortunate, and the personal factor has once again played to the

¹²⁴ *Le Monde*, April 26 and May 9, 1953.

¹²⁵ *Le Monde*, March 6, 1954.

¹²⁶ *Le Monde*, February 12, 1955.

advantage of the Régie, for the new president-general manager, though a career man in the civil service, has had a great deal of experience in the direction of state enterprise. He came to the Régie after several years as the president of the important nationalized mines of Lorraine.¹²⁷ Dreyfus is a very different type of personality from Lefauchaux. He is essentially a planner and a negotiator, not a fighter or a leader in the captain of industry sense. While he can be as firm as his illustrious predecessor, Dreyfus is not at all inclined to pound the conference table or to tackle the government or labor in a head-on struggle. Rather, he seeks to achieve his ends by quiet negotiation and discussion and by slowly rallying others to his point of view. To date he has been remarkably successful in carrying on the program of development and expansion begun by his predecessor. Dreyfus' personality and his methods are perhaps better suited to the needs of the Régie today than those of Lefauchaux, now that the Régie has become the accepted leader in the French automobile world. His objective continues to be that of his predecessor, namely to make of the Régie the pilot plant not only for French industry, but for the western European automobile industry as well.¹²⁸

Although it may be difficult to justify its existence on theoretical grounds or as a matter of high principle, there seems to be little doubt that the Régie Renault is in business to stay for a long time. No one at Billancourt, not even the direction's most hostile critics among the personnel, favor denationalization. Of those who were responsible for the nationalization of the enterprise, only General de Gaulle has suggested that it may no longer be necessary to continue the Régie as a public corporation.¹²⁹ The business interests which might like to see the Régie fall like a ripe plum into the hands of private investors have never yet come close to achieving that objective. So far, even moderate governments in France have paled before the unpredictable social and political, not to mention economic consequences which dena-

¹²⁷ *Le Monde*, March 28, 1955.

¹²⁸ Interview with M. Pierre Dreyfus, cited above. See also, "La voiture européenne n'existe-t-elle pas déjà? une interview de Pierre Dreyfus," *Demain*, April 4, 1957, p. 19, and *Le Monde*, July 18, 1957.

¹²⁹ *Le Figaro*, November 13, 1947. De Gaulle and his followers continue to support the nationalization of the basic energy sector of French industry and that of the banks.

tionalization might entail.¹³⁰ Though disillusioned by the results of nationalization at Renault and elsewhere, French labor and the left, whether socialist, communist or leftwing Catholic, continue to think in terms of the possibilities which the existing nationalizations might offer, should governments more favorable to their programs come into power.¹³¹ In the view of its officials, certainly, the Régie Renault has proved itself and more than justified the hopes placed in it by the French government as the pilot plant for the reconstruction and expansion of France's automobile industry.¹³² Of the major French automobile producers, the Régie is the best prepared to face the stiff competition which will result when tariff barriers are lowered and the European common market for automobiles is created.

¹³⁰ The French press has upon occasion alluded to behind the scenes efforts on the part of private interests to bring about the denationalization of the Régie. During the strike at Billancourt in 1953, for example, some accounts linked the names of Jean-Louis Renault, son of the founder, François Lehideux, a prewar executive in the firm, and a rightwing political leader and deputy, Edmond Barrachin, and implied that they were masterminding the strike of the so-called "independent" union in the hopes of discrediting the Régie and of paving the way for its sale to private investors. Whatever the truth of these insinuations, there is no doubt that there have been efforts to bring about denationalization in the past decade, but they have never so far constituted a serious threat to the Régie's existence. With the Socialist Party the decisive element in the present French Assembly, there is little likelihood of denationalization in the near future. Finally, a mutually satisfactory arrangement having been arrived at over the years between the Régie and its competitors, there is very good reason to believe that the private firms in the French automobile industry would be loath to see the Régie fall into the hands of new—and unpredictable—proprietors.

¹³¹ Interviews with MM. André Colliot, Robert Lucent, Marius Apostolo, and Raoul Bourdin, cited above.

¹³² Interview with M. Pierre Dreyfus, cited above.

THE IRON AND STEEL INDUSTRY AND UNDERDEVELOPED COUNTRIES

Franco A. Grassini¹

THEORY AND PRACTICE OF THE STEEL INDUSTRY IN UNDERDEVELOPED AREAS: A CONTRAST

THE more technically developed countries of the world often maintain, as a matter of principle, that the iron and steel industry should not be given priority in investment by the more backward areas. The rationale for this opinion takes two main forms.

The first, or theoretical, argument is that because of the high capital intensity of the steel industry, a country which lacks capital should concentrate its main efforts in lighter industries, in order to have the best use of this scarce factor. As a distinguished student of problems of economic development has said, "The cost of industrialization may be reduced by concentrating on industries which require little capital. . . . Heavy industries, such as steel, heavy chemical, and heavy engineering require great initial out-lay."²

The second argument is that which can be found in almost all the reports which contain factual surveys of underdeveloped countries. These criticize, sometimes severely, the waste of resources in steel mills, because of the lack of demand for steel in the countries concerned, or because of the technical errors made in the building of the mills themselves.

A good example of this thesis may be found in the Thornburg report on Turkey. "Instead of starting with roadside forges and farm machine shops, and devising little by little, through ingenuity or mechanical skill, the improved designs and the more complicated machinery which led in Britain and America to larger plants and eventually to great factories and basic steel mills, Turkey, by governmental fiat imported from abroad the latest models in steel plants and other factories."³ Then the report

¹ The author is indebted to Professor P. Saraceno, under whose direction he has been working on problems of iron and steel in Italy, for many of the ideas which have been developed in the present paper.

² Hans V. Singer, *Problems of Industrialization in Underdeveloped Countries*, Edited by Leon H. Dupriez, (Louvain, 1955).

³ Max Weston Thornburg, Graham Spry, George Soule, "Turkey: an

goes on to describe deficiencies in technical design and other details of the infant Turkish iron and steel industry.

The underdeveloped countries themselves, however, often do not hold the same opinions, and the growth of their steel industries continues. In November 1956, South Korea opened its first steel mill financed without foreign aid. Venezuela is starting its first integrated steel mill, India has three under construction and even Pakistan, the nation with the lowest per capita steel consumption on record in the world, is considering the introduction of some iron and steel industry. Only Africa seems free of such ambitions.

TABLE 1
World Crude Steel Production in 1939 and 1955 and Estimated Capacity 1960 (000 t)

	1939	1955	Per Cent Increase	1960	Per Cent Increase
Africa	395	1,633	313	2,090	28
Middle East		50	423	310	520
China	545	2,850	423	7,000	145
Japan	6,696	9,408	40	12,000	28
India	1,067	1,731	62	6,000	247
Other Countries	101	31	40	640	1,964
Australia	1,191	2,232	87	2,600	16
Latin America	211	2,242	962	5,460	143
U.S. & Canada	43,305	110,282	124	139,100	26
USSR	17,600	45,200	157	68,300	51
Western Europe	52,430	73,662	52	107,720	38
Eastern Europe	6,522	13,882	113	2,390	54
World Total	136,063	263,258	98	372,680	38

Source: Economic Commission for Europe.

As Table 1 shows, the highest relative increases in production from 1939 to 1955 occurred in the underdeveloped countries (Latin America by 962 per cent, China by 423 per cent). Planned developments show similar increases (small countries of the Far East by 196 per cent, Middle East by 52 per cent). Nevertheless, the contribution of the underdeveloped countries⁴

Economic Appraisal," (New York), *The Twentieth Century Fund* 1949, p. 106. Many other examples could be quoted, such as those contained in "The basis of a development program for Colombia," report of a mission sponsored by the International Bank for Reconstruction and Development, The Johns Hopkins Press, 1950.

⁴ Africa, Middle East, China, India, other countries in the Far East and Latin America in Table 1.

to world steel production is still very small, $1\frac{1}{2}$ per cent in 1955, and in 1960, assuming that all planned developments are realized, will still be only 3.3 per cent.

The purpose of the present paper is to try to uncover the economic rationale, if any, for the different viewpoints expressed by some academic economic theorists and the countries with which they are concerned.

The best approach to the problem, of course, would be to prepare a factual analysis for each country, or at least for a group of countries, in order to judge the soundness of the two theories. A few attempts in this direction showed that relevant data were scarce. Therefore a theoretical model has been constructed in which estimates and data serve only the purpose of confirming the assumptions made. There is no doubt that such a model is highly hypothetical, but it might be more useful for further study, than a factual analysis based on estimates whose reliability is doubtful.

STEEL CONSUMPTION AND THE PROCESS OF ECONOMIC GROWTH

Although steel is under certain competition from new as well as tried materials, such as aluminum, timber, cement, asbestos cement and plastic, which makes the price factor a not completely negligible element of the demand for steel, we can safely assume that technology is the main determinant of steel uses. In 1955, not more than 6 per cent of European consumption of steel was replaced by the competing materials mentioned.

On such a technological basis it is possible to indicate four main steel consuming sectors: 1) housing and public works, 2) public utilities in a broad sense, including thus all the fixed social capital not included under public works, such as private railways, 3) investment goods producing industries and 4) consumers' durable goods producing industries.

From an economic point of view, it is quite clear that these sectors are mainly represented by investment outlays. Thus one can explain why steel consumption and production in the industrially developed countries are subject to much wider fluctuations than the national income or even than the bulk of manufacturing industries.

The distribution of consumption among the above-mentioned

factors varies according to country and from period to period. In Western Europe in 1953, permanent construction accounted for 30 per cent of total steel consumption (of which 13 per cent was building and contracting), hollow-ware and containers 7 per cent, shipbuilding 5 per cent, motor vehicles, cycles and aircraft 10 per cent, manufacturing of non-electrical machinery 13 per cent, electrical machinery 4 per cent. The figures for the United States are not entirely comparable but in 1953 construction accounted for 20 per cent of the domestic steel shipments (while contractor's products were only 4.3 per cent), machinery, industrial equipment, and tools were 5.6 per cent, electrical machinery 2.7 per cent, shipbuilding 1.1 per cent, motor vehicles and aircraft 19 per cent. No very recent estimates exist for Latin America, to the best of our knowledge, but judging by the nature of those products which are most consumed, it can be deduced that construction represents the bulk of steel consumption. The latest available figures are those for 1950, where we find that rails, accessories and bars, strip and structural shapes used mainly in building accounted for 62 per cent in Chile, 36 per cent in Colombia, 61 per cent in Mexico, 46 per cent in Brazil and 37 per cent in Argentina. Moreover, in all these countries, with the exception of Brazil and Argentina, steel consuming manufacturing is just beginning.

Although this data is rough, it suggests a clear and definite relationship between the level of economic development of a country and the main uses of its steel consumption.

With the same degree of approximation, it is possible to say that each of the aforementioned factors is in some way connected with a definite stage in the process of economic development.⁵

Ordinarily, the building of houses and public works reaches its maximum in the first stage of a country's development, except when a recession may prompt a government to stimulate construction activities. Public utilities then follow. In fact, when the economic structure of a country begins to change to foster further development, it is necessary to provide the bulk of the "fixed social capital."

⁵ In quite a different meaning, two similar models implying a time sequence of stages of development are those of Colin Clark and Kindleberger. That justifies the present writer to attempt to deliver a similar model, even with the knowledge that in the world of actuality, facts seldom if ever conform to a perfectly delineated shape and historical stage sequence.

Experience teaches us that when the process of industrialization is in motion, but the level of income is still too low to satisfy many of the wants which are peculiar to Western civilization (automobiles, domestic durable goods, canned goods), it is much easier to set up heavy engineering plants manufacturing investment goods, which do not require mass production, than consumer goods. Thus one can say that those industries producing investment goods and those producing consumer goods, both pertaining to the higher phase of economic development, are in a way characteristic of two different stages. A country having a national market of adequate size for profitable production of durable consumer goods can be considered fully developed only when it reaches such production.

Only with such broad generalizations in mind is it possible to approach the problem of the relationship which exists between income and steel consumption in different countries. It is, in fact, widely accepted that steel consumption and level of income are definitely correlated. For if we do not consider that these are different stages of economic development, we could expect a direct and unilateral relationship, which is not the case.

In Table 2, the principal available data on those two items have been collected. Before commenting on it, it seems worthwhile to make some reservations. The data on steel consumption is apparent direct consumption (production plus imports-exports) and therefore is subject to two reservations: 1) it does not take into account stock movements, 2) it relates only to direct steel consumption, i.e. does not take into account the international trade of goods incorporating steel. Thus the effective steel consumption of many countries is over- or underestimated.

It should be noted that almost all the figures for underdeveloped areas are underestimated. In 1955, for instance, indirect steel exports for the European Coal-Steel Community plus U.K. have been estimated at around 10.6 million tons and the imports for the same year at around 2.6 million tons. The bulk of these indirect exports went to backward areas.

The main shortcomings of the income figures for 1949, as is clearly acknowledged by the U.N. publication from which they are taken, are: first, that for many underdeveloped countries they are just estimates, and, second, that to overcome the diffi-

TABLE 2
Per Capita Apparent Consumption of Steel and Per Capita
National Product of Thirty-Nine Countries: Annual Average
1952-54

	Steel Consumption (Kg)	National Product (U.S. dollars)
United States	540	\$1870
Canada	361	1310
Sweden	342	950
United Kingdom	321	780
Western Germany	298	510
Belgium-Luxemburg	268	800
Australia	265	950
France	214	740
Netherlands	192	500
Norway	188	740
Switzerland	164	1010
New Zealand	159	1000
Denmark	149	750
Austria	142	370
Finland	136	670
Israel	135	470
Union of South Africa	129	300
Italy	91	310
Venezuela	90	540
Japan	66	190
Lebanon	59	260
Argentina	52	460
Chile	45	360
Ireland	35	410
Mexico	29	220
Cuba	28	310
Malaya	28	310
Brazil	26	230
Portugal	26	200
Greece	24	220
Colombia	21	250
Turkey	20	210
Belgian Congo	13	70
Peru	12	120
Philippines	9	150
Thailand	7	80
Ceylon	6	110
India	5	60
Pakistan	3	50

Source: United Nations "Statistical Yearbook, 1955" and "Per Capita National Product of Fifty-Five Countries: 1952-54."

culties in international comparison of national incomes, the starting point of the conversion into dollars of the different currencies was the acceptance of the rather doubtful exchange rate as representative of their real purchasing power.

With such reservations in mind, one can say that the figures of Table 2 seem to support the hypothesis formerly advanced on the relationship existing between income and steel consumption. Those nations which are in the top group of steel consumers are also in the higher income group, such as the United States, Canada, Sweden, United Kingdom, Australia, Belgium and Norway. The exceptions seem to be Switzerland, Denmark and New Zealand, but if we take into account the qualification made on indirect consumption of steel in markets too small to produce their own consumer goods, the example of the latter countries does not entirely invalidate the hypothesis. While Western Germany, due to the effect of war on the level of income, is a case which should be considered by itself, supports nevertheless the idea that a high level of investment stimulates steel demand.

On the other side of the table the countries with lower per capita income are those with the lower per capita steel consumption like Pakistan, Ceylon, India, Thailand, Turkey, Peru, Philippines, Belgian Congo and Greece. The only possible exception is that of Japan to whom it is possible to apply the same kind of considerations as to Western Germany.

Individual countries do not always conform to this group pattern. Italy, for instance, with a lower income than Venezuela and Argentina has a higher steel consumption. India with almost the same income as Pakistan has a much higher steel consumption, and so on.

Here two other factors have to be brought into the picture: 1) the different economic structure of different countries; 2) the purchasing power in terms of foreign currency, or capacity to import.

The first is self-evident: in 1954 manufacturing accounted for 33 per cent of the national income in Italy, as compared to 21 per cent in Argentina, and steel consuming industries like ship-building, heavy engineering, car production, play a far more important role in the former than in the latter country. India and Pakistan have almost the same level of income, but differ in their

industrial structure. India has a steel industry of her own and derives 15 per cent of her net domestic product from manufacturing and construction while Pakistan has no steel production but derives only 5 per cent of her net domestic product from manufacturing and construction. The influence of the capacity to import on steel consumption in underdeveloped countries has been proved by the accurate study prepared by ECLA on the factors influencing steel consumption in Latin America.⁶

The argument proceeds on two main lines. First a very strong simultaneous relation has been found between steel consumption on one hand and income, imports of capital goods and consumption of cement on the other (the last two factors considered as the only available indication of the level of investment), the correlation coefficient is as high as 0.925. Moreover to test whether the relations were only apparent and steel consumption as well as some of these indicators depend directly upon one of the other factors, a partial correlation has been calculated between steel consumption and each of the other factors, after eliminating the influence of all the others.

The following correlation coefficients have been found

	(a)	(b)
(a) Between steel consumption and per capita income	0.898	0.581
(b) Between steel consumption and per capita imports of capital goods	0.861	0.343
(c) Between steel consumption and per capita cement consumption	0.869	0.033

The coefficients under (a) are the original coefficients, and those under (b) are the coefficients after eliminating the effect of the other factors. The differences among the coefficients indicate that none of the three can individually explain the variations in steel consumption. Yet each has an independent influence and all three can provide a good basis for what should be the theoretical steel consumption in the absence of disturbing factors.

Nonetheless these disturbing factors do exist. Table 3 illustrates the difference between the theoretical consumption, calculated by substituting the actual figures for income, imports of capital goods and cement consumption in the regression equation,

⁶ United Nations (ECLA), *A Study of the Iron and Steel Industry in Latin America* (New York, 1956).

which yielded the mentioned correlation, and the actual consumption.

TABLE 3

Actual and Theoretical Steel Consumption in Latin American Countries in 1947-49

	Theoretical Consumption	Actual Consumption	Percentage Difference
Argentina	64	77	20
Bolivia	9	5	-44
Brazil 1939	13	15	15
1950	18	24	33
Chile	38	50	32
Colombia	23	16	-30
Cuba	42	37	-12
Ecuador	9	8	-11
Mexico 1939	14	14	
1950	21	28	33
Peru	16	10	-38
Uruguay	54	38	-30
Venezuela	67	62	-7

Source: United Nations (ECLA), *A Study of the Iron and Steel Industry in Latin America*, 1956.

The theoretical consumption differs greatly from the actual consumption, from 33 per cent greater in Brazil and Mexico to 44 per cent less in Bolivia. As the quoted sources put it, "The only countries showing a steel consumption higher than the theoretical figures are Brazil, Mexico, Chile and Argentina, in other words, precisely those where there is a steel industry. The other countries depend almost exclusively on imports and their availability is therefore limited by their foreign exchange resources."¹

The second line pursued by ECLA is a factual test. For some of the Latin American countries for which data were available, namely Argentina, Brazil, Chile, Colombia, Cuba and Mexico, the imports of steel in the last 25 years were compared to the capacity to import as defined by the ECLA, i.e., the product of the quantum of exports multiplied by the terms of trade. It reflects, to a certain extent, the quantum of goods that a country can import with the proceeds of its exports. The graphs of the indices of steel imports and of the capacity to import show a

¹ *Ibid.*, page 65.

parallel tendency, for all the quoted countries with the exception of Mexico.⁸

To sum it up, if, as we have assumed, the consumption of steel is governed, not only by the level of income, but also by the stage of development of the country concerned and by its economic structure and capacity to import, then it is quite obvious that there exists a sort of dynamic relationship between income and steel consumption and that the latter tends to grow more than the former in the process of economic development. In other words the higher a country's level of investment, the higher the elasticity of steel consumption compared to income, and the lower its economic development.

This can be tested by looking at the experience of these countries which are actually developed. The income elasticity of steel in the United States was 3.0 in the period 1900-1913, 1.2 from 1913 to 1925-29 and 0.7 from 1925-29 to 1947-48. In England the income elasticity of steel was 3.5 in the period from 1901-25 to 1926-30 and dropped to 2.0 from 1926-30 to 1936-40. Forecasts of consumption in the countries belonging to the European Coal and Steel Community for the year 1960 are based on an income elasticity of steel equal to 1.25. In Italy, poised mid-way in her economic development, an elasticity of 1.9 is assumed as the most appropriate for the next five years.⁹

We are now able to work out the full implications of our model. Namely: 1) There is in the underdeveloped countries a potential demand for steel which is not clearly perceivable in terms of the existing market. 2) The potential demand for steel is subject to a dynamic self-enforcing process of expansion.

It seems to the writer that these dynamic aspects of the demand for steel in underdeveloped countries are seldom considered. The consequence is that markets which, when observed from the usual static viewpoint do not appear large enough to absorb the production of a modern integrated mill, will, when considered in such a dynamic perspective have many undiscovered possibilities.¹⁰ It should, however, be made quite clear that we do not

⁸ As a matter of fact, that is because the balance of payments of Mexico is influenced by invisible items, like tourism, which are not included in the concept of capacity to import as defined above.

⁹ P. Saraceno, "Siderurgia e sviluppo dei Paesi economicamente arretrati" in *Mondo Economico*, (November, 1956).

¹⁰ Further details of the influence of market size on the iron and steel in-

believe that every underdeveloped country has such a "potential" market as to justify dismissing all the problems connected with the demand side for a new iron and steel industry. The aim of our model has been to try to shed some light on possible developments usually recognized.

THE PROBLEMS OF COSTS AND PRICES

This issue of demand, however, is not the only criticism which is being leveled at the iron and steel industry in the backward areas. Another widely diffused opinion in the industrialized countries is that which appears in a well-known text book of economics: "Too many countries are attempting to create iron and steel industries without the locational advantages of coal and iron conveniently near to one another and to markets or ports. Even those countries where an iron-and-steel industry on a relatively efficient basis has a good chance of survival without undue protection, too many projects call for the most modern method of making steel—continuous hot-and-cold rolling, strip mills, and the like—without regard to the factor proportion of the country."¹¹

In the last few years some new facts have begun to emerge which undermine the described picture. First, given the improvement in technology, and the lesser quantity of fuel required for producing a ton of iron, the locational impact of the coal deposits has declined, while the larger use of scrap in the open hearth furnaces, together with the convenience of many steel consuming industries in disposing of near-by steel production, has greatly enlarged the locational pull exercised by the consuming markets.¹²

dustries are omitted because the estimates on which studies on this problem are mainly based are engineering estimates which cannot be relied upon when widely different situations are compared. For instance, the quoted study of ECLA gives the following figures for the finished steel production costs in plants of different sizes located at Sparrow Point, U.S.A.

Annual production capacity	50 thousand tons	\$ per ton	155.66
Annual production capacity	250 thousand tons	\$ per ton	100.93
Annual production capacity	500 thousand tons	\$ per ton	83.79
Annual production capacity	1000 thousand tons	\$ per ton	71.92

But in underdeveloped countries other factors, like productivity of labor, managerial ability and market size, could make the optimum size much smaller than appears from these estimates.

¹¹ Charles Kindleberger, "International Economics," (Irwin, 1955), p. 392.

¹² See for this W. Isard, "Locational Factors in the Iron and Steel Industry"

Second, techniques of production in the metallurgical industries are rapidly changing and natural resources, like coal, not directly suitable for producing good metallurgical coke or iron ore, containing some impurities, which were useless up to a few years ago, have become economical.¹³

Third, and probably the most important from an economic point of view, we have watched the evolution of a widening market of the relevant raw materials. Iron ores mined in Latin America and Africa are marketed all over the world, and the former steel producing countries are now becoming consumers in the world market of raw materials. For the first time in her history, Western Germany has become an importer of coking coals from the United States, and the same condition prevails in the United Kingdom.¹⁴ In other words, a new marginal production in the traditional European steel producing areas is, as far as the raw materials are concerned, in the same situation as an equally new producer in an underdeveloped area which does not dispose of all her own raw materials on the spot.

Further light on this question is provided by the estimates of the hypothetical assembly costs for the production of one ton of pig iron, computed by ECLA for plants, with an equal capacity (in order to discount the influence of size) of 250 thousand tons located in those places of Latin America where actual or prospective steel mills are situated.

If we compare the figures of Table 4 with an equally hypothetical plant located at Sparrows Point, Baltimore, Maryland, where assembly costs calculated by the same procedure are \$27.14 per ton we see that with the exception of Argentina and Brazil, the assembly costs of raw materials in Latin America can

in *Journal of Political Economy*, LVI, June 1949; W. Isard and W. H. Capron, "Locational Patterns of Iron and Steel Production in the United States" in *Journal of Political Economy*, LVII, April 1949 and M. G. Clark, *Economics of the Soviet Steel Industry*, Harvard University Press, 1955.

"References on this point can be found in the papers presented to the Bogotá meeting promoted by ECLA and collected in "A Study of the Iron and Steel Industry in Latin America, Volume II, Proceedings of the Export Working Group."

"It is very important to emphasize that the United States is becoming a source of supply for all the European countries. Imports of coal from the U.S. rose in Germany from 1,823 thousand tons in 1954 to 6,998 thousand tons in 1955 (the first 3 months of 1956 imports have been 2.3 million tons as compared to 0.6 million tons in the same period of the previous year). In the United Kingdom imports of coal from the U.S. have totalled 509 thousand tons in 1954 and 5,455 thousands of tons in 1955.

TABLE 4
Assembly Costs of Raw Materials in Selected
Latin American Mills

		Dollars
San Nicolas	(Argentina)	38.88
Volta Redonda	(Brazil)	37.33
Huachipata	(Chile)	23.05
Belencito	(Colombia)	17.62
Monclova	(Mexico)	26.76
Chimbote	(Peru)	18.80
Barcelona	(Venezuela)	21.68

Source: Economic Commission for Latin America *op. cit.*

compare with those in the United States. This fact tends to confirm the doubts of the soundness of the proposition quoted earlier.

From the assembly costs of raw material, as we go on to consider the costs of the finished products, many other factors have to be taken into account, such as the size of the plant, the productivity, the wage rates, and the rate of interest. Here too, we dispose of the ECLA estimates of production costs in plants located as the foregoing, but with their size adjusted to the market.¹⁵

TABLE 5
Steel Production Costs Compared with Imported
Steel Costs in Latin America

	Size of Plant (000 tons)	Hypothetical Cost (1948 dollars) Domestic Steel	Imported Steel Sparrows Point	Imported Steel Pittsburgh
San Nicolas	850	82	91	115
Volta Redonda	716	85	86	110
Huachipato	230	82	87	111
Belencito	250	76	84	108
Monclova	430	83	84	108
Chimbote	150	90	86	110
Barcelona	300	94	82	106
Sparrows Point	1,000	72	—	—

Source: Economic Commission for Latin America *op. cit.*

¹⁵ It seems necessary, however, to point out that at least one of the main assumptions on which these estimates are based, namely an equal productivity per worker in mills located in Latin America and in those located at Sparrows Point.

The figures, reported in Table 5, seem to show that the cost of location in the United States is more convenient than those in the other plants. A weighted average gives us a figure of 87 per ton in Latin America, 20 per cent above the United States level. If, however, the transport costs are taken into the picture, some of the Latin American locations seem to have a slight advantage and on the average both the costs of domestic and imported steel are set at \$8.7 and are identical.

From the same Table 5, it appears that on the average there is an advantage of 22 per cent in favor of the domestic steel in Latin America, when Pittsburgh instead of Sparrows Point is considered as a source of supply. But as a matter of fact the bulk of steel imports in Latin America does not come from the United States. European countries which accounted for from 70 per cent to 80 per cent of Latin American imports in the 1930's, still represent about two-thirds of the foreign supply of steel to Latin America. Lacking any reliable comparable cost estimate for Europe, we can only remember the previous considerations, concerning the marginal plants in Europe and their relative disadvantages.

Thus far we have been comparing costs and we find that no decisive advantage occurs in the backward areas of Latin America by importing steel from abroad. This conclusion is strengthened by another consideration stemming from the particular structure of the iron and steel market. We know from experience that the iron and steel industry is one where oligopoly prevails. The International Steel Cartel expired just a few years ago and export agreements are still in existence among the European producers.¹⁰ There is a strong tendency for the steel producers, often closely integrated with steel consuming industries, to supply first the interior market on whose greater stability they can rely, and then the international markets. While the prices of steel on the domestic market of the main producers are relatively stable, in the international markets there is a strong tendency toward wider fluctuations. Thus in times of depression the foreign consumer can enjoy the benefits of the dumping policy of the producers, while in boom periods it is, for the most part, quite difficult for

¹⁰ It is well known that one of the main complaints of the countries not belonging to the E.C.S.C. is that the Community outlawed price discrimination in the unified market, but permits export cartels.

them to be supplied and, if they are supplied they are forced to pay a much higher price than the cost of production. In other words, the oligopolist structure of the steel industry distorts the cost price relationship so that different factors other than production costs have to be taken into account.

TABLE 6
Domestic and Export Prices of Steel Products
at the End of March '55 and '56

	Domestic Prices*		Export Prices	
	1955	1956	1955	1956
United States				
Merchant bars	\$94.80	\$102.50	\$106.70	\$112.45
Sections	93.70	101.40	103.60	111.35
Plates	93.15	99.65	102.10	108.15
United Kingdom				
Merchant bars	88.10	94.64	98.00	112.80
Sections	80.70	85.50	101.35	118.50
Plates	85.65	95.35	104.70	124.00
E.C.S.C.				
Merchant bars	87.55	83.60	100.00	108.00
Sections	85.35	87.70	36.00	110.00
Plates	95.75	98.05	104.00	120.00

* Domestic prices for E.C.S.C. are those of Western Germany.
Source: European Coal and Iron Community, "Annual Report."

While for the pre-war period reference to the said situation can be found in the well known work of Hexner,¹⁷ a more recent illustration is provided by Table 6. Domestic prices do not include taxes and cannot, therefore, be directly compared with export prices. We can, however, take them as indices (that is why the inclusion of Western Germany in the place of the E.C.S.C. is fairly representative).

It can be seen that in 1956, a year in which a boom demand for steel spread all over Europe, export prices of steel products rose in the European countries more than domestic prices. Merchant bars, for export, increased in the United Kingdom 15.1 per cent as compared to 7.6 in the domestic market. Sections for export increased in the E.C.S.C. 17.1 per cent as compared to 2.8 in the

¹⁷ E. Hexner, *The International Steel Cartel*, (Chapel Hill, 1943).

domestic market. A different trend was shown by the U.S. when export prices increased less than domestic prices (7.6 per cent for merchant bars as compared to 8.1 per cent).

But the United States cannot supply all the underdeveloped countries and therefore it seems that the previous argument still holds. Moreover it is only toward the end of 1956 that the American Steel industry has been working at full capacity. If the forecast of "The New York Times" on the difficulty of the steel industry to meet surging demand proves true,¹⁸ it seems very likely that American producers, too, will adopt the European practice.

The writer feels it can be safely assumed that since the Second World War, booms are much more likely to occur than depressions. The needs, in fact, of underdeveloped countries represent a dynamic factor in the world economy and the governments of industrialized countries have the ability now, through investment, fiscal policy, and other suitable devices to lessen the impact of a falling demand.

With such a perspective, the difference between costs and exports prices is becoming a more and more important factor which completely changes the economic calculations of the iron and steel industry in the underdeveloped areas.

Unless the governments of the industrialized countries pursue a clear policy of avoiding price discrimination against foreign customers, the underdeveloped countries might find it more convenient to build their own steel industries.

An alternative is, however, available. This is the possibility open to the governments of underdeveloped countries to enter into long-term contracts with the producers in the industrialized countries for a stated supply at prices directly related to real costs. Here the problem is whether it is better for a country to accept prices which, in principle, shall be calculated so as to include all the capital charges, a stated rate of profit by the entrepreneur, the depreciation allowances and the other fixed expenses, or to take the risk of spreading these costs on a type of production which may fluctuate. If the production is higher than forecast those costs will be reduced. If it is lower there is always the chance of breaking even, in booms and depressions, charging,

¹⁸ "The New York Times Business Review" for 1956.

for instance, the depreciation costs only to the former. No definite answer can be given to such an alternative, it is a question of policy. The financial possibilities of the country would probably be the point on which the decision would have to be made.

THE IMPACT OF THE IRON AND STEEL INDUSTRY IN A BACKWARD COUNTRY

To reach a more definite conclusion, further investigations are necessary with reference to at least three points.

- a) Does the potential demand for steel existing in the underdeveloped areas represent a sufficient incentive for inducing private enterprises to enter the field?
- b) What is the impact of domestic steel production on the balance of payments?
- c) Should the steel industry be considered on its own merits or is it necessary to evaluate the incentive of steel production on the process of industrialization?

A negative answer to question a) is easily given both on an *a priori* and on an "a-posteriori" basis of reasoning. It could be argued that there are very few chances that in an underdeveloped area, where short-run speculative investments and real estates appear to be the safest and most profitable form of investment,¹⁹ private capital is poured into a venture which is by nature a long-run investment and which is based upon the assumption of a growing demand resulting from a process which is still dubious.²⁰ For instance, the capital requirements for enlarging an existing steel plant are far less than those for a new one, so that the initial investment yields its full return only when the increased demand allows an expansion of the original plant. It seems rather difficult for a private investor to include such elements in his profit calculations. *A posteriori*, the experience of the last thirty years seems to show that apart from a few small plants melting imported or domestically collected scrap, all the important iron and steel industries have been set up directly by the State or with the financial aid of the government. This is the case in South Africa, in

¹⁹ See H. G. Aubrey "Investment Decisions in Underdeveloped Countries" in N.B.E.R. "Capital Formation and Economic Growth," Princeton University Press, 1955.

²⁰ I am indebted to Professor Galbraith for this consideration.

Mexico, in Brazil, and other such countries, where iron and steel industries are being created. In fact apart from the previous observations on the dubious profitability in the short-run of the type of investment under examination, the amount of capital required in the iron and steel industry often exceeds the financial resources of a prospective entrepreneur.

To analyze the second problem, we have once more relied on the assistance provided by the estimates of costs and prices prepared by ECLA for selected Latin American countries.

The difference, in fact, between the delivered price of imported steel and the expenditure in foreign exchange required by domestic production in plants of the size reported in Table 5, gives us the saving of foreign currency per ton of steel produced at home. Expressed in 1948 dollars the results are the following:

San Nicolas	63	Belencito	76
Volta Redonda	69	Monclova	78
Huachipato	75	Chimbote	69
	Barcelona	62	

On the assumption of full utilization of the planned capacity of the mills, this would mean a saving of \$53 million per year in Argentina, \$48 million in Brazil, \$16 million in Chile, \$18 million in Colombia, \$33 million in Mexico, \$10 million in Peru and \$18 million in Venezuela. The meaning of these data could be found by comparing them with the quantum of imports. That, however, is impracticable for two reasons: a) our data are expressed in 1948 dollars while the available data on foreign trade at constant prices are expressed in 1950 dollars, b) foreign trade in Latin American countries is subject to wide fluctuations so that it is impossible to select a representative year.

Nevertheless a very rough idea of the order of magnitude can be obtained by simply comparing the mentioned data with a year chosen at random, for example, 1955. In 1955, the saving of foreign currency implied by domestic production of steel using at full capacity ten plants under construction would be around 5 per cent of imports in Argentina, Peru and Chile, 4 per cent in Mexico, 3 per cent in Brazil and Colombia, less than 1 per cent in Venezuela. None of these is a very high per cent.

The real economic problem is whether the resources devoted

to steel-making could be better used in different fields, thus producing import-replacing goods or foreign currency earning goods. There is no argument on an *a priori* ground, to deny the possibility of alternative investments, where the capital which is the scarce factor "par excellence" in the underdeveloped countries, could have a higher rate of return, in terms of foreign exchange, than in steel-making.

It seems, however, that the opportunities for export oriented industries outside the traditional field of raw materials are scarce in the underdeveloped countries. The law of comparative costs often quoted by economists of industrialized countries²¹ to advocate the establishment in backward areas of light industries to take advantage of the plentiful and cheap manpower there existing, does not work in practice.

An illustration of this point can be found in the textile industry. An expansion of cheap textile production using domestic raw materials by an underdeveloped country has its limitations in the capacity of its domestic market, in the competition by synthetic fibers produced in the industrialized countries and in the barriers which these countries set up to avoid "unfair" competition by cheap labor (the pressure exerted by English Trade Unions for higher import duties on calico from India comes to mind).

We are able to say, therefore, that steel-making contributes to the improvement of the balance of payments, but not how much. Consequently, to judge the validity of the main point one must decide whether domestic production of steel represents an incentive to further development of the economy.

As it was emphasized earlier, it is possible to say that in the first stages of economic development when there is a conspicuous hidden demand for steel, supply creates its own outlays. A re-

²¹ See, for instance, the I.B.R.D. Mission to Colombia: "The Mission is very sympathetic toward their desire (to produce steel in Colombia and thus save dollar exchange), provided that it can be demonstrated that the production of steel in Colombia is economic, that is, that it can be carried out so that steel can be sold at a price comparable to the price of imported material ex duty. If this essential condition cannot be met and a Colombian steel industry can exist only through the continuance of high protection, then it would appear more economical for Colombia to export those products which it can produce at a comparative advantage, and import those which it can produce at a comparative disadvantage." From *The Basis of a Development Program for Colombia*, Baltimore, 1950, p. 491.

cent example is provided by Chile, where the annual consumption of rolled products rose from about 120 thousand tons in 1950, when the new Huachipato steel mill entered production, to about 290 thousand tons in 1955.

Moreover when a potential demand for finished products exists, steel-making provides a strong incentive to establish transforming industries. Evidence on this point is provided by the example of Brazil, where, as the ECLA put it "The recent expansion of the mechanical industries and of those processing secondary metallurgical products would have been impossible had it depended on raw material supplies based on imports of unfinished iron and steel products."²²

In Brazil, too, the Volta Redonda steel mill by-products are used by some chemical plants and by a cement plant.²³ But from a theoretical point of view, there is a still wider scope for such a locational influence. It is well known that one of the main obstacles to industrialization in backward areas is the scarcity of the so-called "social fixed capital," and of those conditions which are called "external economies" and which derive from the existence of productive surroundings. Because of this and because of the lack of local entrepreneurship, a process of industrialization in an underdeveloped area cannot proceed along the same lines as that of an already developed country. In other words, in the developed countries, the existing industries have grown to their huge scale little by little, at the same pace with the technological progress, but we cannot expect the same in the underdeveloped countries. Here the process must be reversed. First it is necessary to start big units, and then it is possible and desirable, if not certain, that small enterprises will grow up by themselves. And what better catalyst than a basic industry like steel-making, to break the stagnating atmosphere of want and starvation and to set in motion a process of development? It might be argued that any other industry of the same size and qualities could operate as a rallying point for minor enterprises, and at the same time it might be less expensive in terms of capital, which is badly needed in

²² Economic Commission for Latin America, "Iron and Steel Transforming Industries in Selected Latin American Countries" (mimeographed paper), p. 14.

²³ G. White, "Brazil: Trends in Economic Development" in *Economic Growth: Brazil, India, Japan*, Duke University Press, 1955.

the underdeveloped countries. The very fact is that steel-making not only requires supplies by subsidiary firms as does every other industry, but at the same time may represent a raw material for further processing. When a steel mill is set up in a backward area to provide mainly construction shapes for building and other needs which can be subsumed under the first two consuming sectors we mentioned at the beginning of this paper, a small percentage of the production can be rolled for use in more industrialized uses. The categories we mentioned, in fact, are not in a strictly separated chronological succession, but developed within the other. Not only does it come from the fact that entrepreneurship in the industrial field is scarce in underdeveloped countries, but also that Government must play a fundamental role, as it is doing in the countries which are trying to come out from their state of stagnation. If that is so, it seems much more compatible with the functions and abilities of a government to intervene in a basic industry like steel-making which provides the domestic market of a product which is highly competitive, and which, given the small size of the market, might easily become a monopoly,²⁴ than to step into a highly competitive and exporting industry. This is not because we do not trust the capacities of Government; as a matter of fact, there are many public corporations in developed countries, like the Régie National des Usines Renault in France or the Volks-Wagen in Western Germany which are doing a superb job in foreign and competitive markets, but because, as an Italian historian, Vincenzo Cuoco said more than one hundred years ago, "If the Sovereign himself becomes a manufacturer, who will dare to compete with him, and who will administer the law in the general interest?"

CONCLUSION

We have thus reached a conclusion, that even if the available data are not entirely capable of demonstrating the profitability of investing in iron and steel industries, the rationale of a priority of that type of investment in the underdeveloped countries is quite clear. The governments of the countries which have under-

²⁴ For instance in Brazil, up to 1953, there was a rationing of Steel Products, and it is clearly much better to have such a task performed by a public corporation like that of Volta Redonda, than by a private company.

taken the ambitious plans described have become conscious of the possibilities inherent in the production of iron and steel. At the beginning of the Industrial Revolution the dominant economic policy of the State was "laissez faire." Then it became more and more clear that the government had to intervene to foster economic development. Fields which seemed to be peculiar to private business have been taken over by the State. The field of public utilities, which at the beginning was rather narrow, including only the postal service, public roads, and a few other services in different countries, is widening. It is now recognized in many countries that fuel and power industries belong to the public utilities sector, for which the Government is responsible in the absence of private initiative. The conclusion of this paper is that the iron and steel industry, given its importance in the process of economic development, is now being considered in many countries to be a public utility, and this is the rationale of the priority of investments, in that field which is given to it in many underdeveloped countries.

THE ROLE OF CENTRAL BANKING UNDER VARIOUS ECONOMIC SYSTEMS¹

Egon Neuberger

CENTRAL banking literature is usually limited to the discussion of the role of central banks within a relatively narrow institutional framework. It discusses the development of the mother of central banks—the Bank of England—from its origin in 1694 until the present, as well as the development of its offspring, the central banks in free enterprise economies most of which were established at the end of the nineteenth and beginning of the twentieth century. The literature tends to discuss central banking largely within the context of central banking traditions developed in recent decades. The logic of this arrangement is that banks not following these traditions are not to be admitted to the club, even though as Sayers has pointed out, these traditions “had in fact no claim to veneration as long established ways that had survived many changes of circumstance and been tried in many fires.”² This paper attempts to treat central banking from a broader point of view, discussing the role of central banks under various economic systems.

The aim of the paper is modest. It analyzes some aspects of the role of central banking within the theoretical models of three economic systems and in countries whose economic systems approximate these models. The difference in objectives, functions, and instruments of central banks in the various systems are emphasized. No attempt is made to analyze all aspects of these economic systems or to compare their efficiency in fulfilling the goals of the societies in which they function.

Before proceeding to the discussion of central banking in dif-

¹ This paper is a modified version of a paper presented in Professor John H. Williams' seminar on international financial problems. The author wishes to express thanks to Professor John H. Williams who has given him encouragement and inspiration and to Mr. Herbert S. Levine who has helped him develop parts of this paper and has reviewed the whole paper critically. Any remaining weaknesses are the responsibility of the author. The author also wishes to acknowledge the assistance extended to him by the Ford Foundation and the Center for International Studies, Massachusetts Institute of Technology.

² R. S. Sayers, (ed.), *Banking in the British Commonwealth* (Oxford, 1952), p. xii.

ferent institutional contexts it is necessary to touch on two points: (1) how to define central banking for our purposes, and (2) how to differentiate between the three economic systems under discussion, i.e. free enterprise, central planning, and semi-planning.

WHAT IS A CENTRAL BANK?

There is no one definition of what constitutes a central bank. The most common and simplest definition is one given by Hawtrey: "A central bank is a banker's bank."³ He further defines it as one whose essential characteristic is its role of lender of last resort.⁴

Not all authorities agree with this definition or with his stress on the role of lender of last resort. For our purposes, the more important consideration is the fact that Hawtrey definitely limits the concept of a central bank to one specific institutional setting. The *sine qua non* for the existence of a central bank is a banking system consisting of independent commercial banks, thus limiting it to free enterprise systems.

We will use a definition broad enough to cover "central banks" in many different institutional environments. A modified version of the definition given by de Kock will serve this purpose.

A central bank is an institution which constitutes the apex of the monetary and banking structure of the country and which performs certain specific functions in the interest of the economy as a whole.⁵

The necessary condition is that the institution must be willing and able to be the main executor of government policies in the monetary field. If there exist commercial banks in the system, its main role is to control their actions in line with government policy; if there are no commercial banks, its role is to implement government policies directly.

CRITERIA FOR DIFFERENTIATING ECONOMIC SYSTEMS

The problem of differentiating between various economic systems according to the degree of control exercised by the central authorities is much more difficult than the problem of defining a central bank. While we have surveyed much of the literature on

³ G. Hawtrey, *The Art of Central Banking* (London, 1933), p. 116.

⁴ *Ibid.*

⁵ M. H. deKock, *Central Banking* (London, 3d ed., 1954), p. 22.

the subject, no widely acceptable scheme appears to exist. In this case, the alleged motto of the Cambridge economists "It is easier to think it up than to look it up," appears to have some advantage.

The following scheme has been worked out to help us understand the differences between the three economic systems to be discussed in this paper.

Planning is considered as the conscious control of economic activity to achieve some given goal or set of goals. The type of planning, i.e., central planning, semi-planning, and free enterprise, is defined in terms of the degree of control, which measures the extent to which the central authority takes decision-making powers away from primary economic units.⁶

The degree of control is a multi-variate function depending upon the scope and intensity of control and the types of instruments used.

The scope of control may be measured by two criteria:

1. The number and relative importance of the primary economic units directly and significantly affected by the controls.
2. The number and relative importance of the activities of the primary economic units directly and significantly affected by the controls. In this context, the control over investment activity is probably the most important single activity to be considered.

The intensity of control may be differentiated as follows:

1. Complete control over the decision-making power of the primary economic units; no freedom of choice is given to these units.
2. Partial control over the decision-making power of the primary economic units; (a) Substitution of planners' rules of behavior⁷ for those of the primary economic units: the primary economic units can then maximize their objectives⁸ within the

⁶We define a primary economic unit as the smallest unit in the economy which makes economic decisions. For purposes of production it would be the firm, for consumption the individual or the family unit, for the sale of a factor of production the unit owning or controlling the factor, i.e., the worker, landlord, or owner of capital, etc.

⁷We define rules of behavior as the criteria to be followed by the primary economic units; e.g., profit maximization, fulfillment of plans, etc.

⁸The objectives may correspond to the rules of behavior, e.g., profit maximization or they may differ, e.g. maximization of prestige of entrepreneur, the "easy life," etc.

limits imposed by the planners' rules of behavior; (b) Retention by primary economic units of their own rules of behavior, with control exerted through the manipulation of instruments discussed below.

The instruments that can be used are:

1. Physical allocation of factors of production and commodities.
2. Price controls: (a) Direct, i.e., setting of fixed prices; (b) Indirect, i.e., influencing the level of prices through taxes, subsidies, etc.
3. Controls over the allocation of purchasing power: (a) Direct allocation, i.e., credit rationing (b) Indirect allocation, i.e., using rates of interest.

The controls can also be differentiated by the degree of their selectivity:

1. Selective controls over specific objects of control.⁹
2. General controls over aggregates.

A glance at the criteria we propose makes it clear that no purpose would be served in trying to find the numerical value for the multivariate function defining the degree of control. All the scheme can do is to tell us what particular aspects of a system we must study in order to determine the degree of control in the system. The classification of a system as free enterprise, central planning, or semi-planning necessarily involves a value judgment. Any mechanical method of classification would be worse than useless.

The pure models of free enterprise and central planning are easy to determine from the scheme. The former would involve no controls of any type by the central authority over any of the primary economic units. The latter would involve control over the decision-making power of all primary economic units with respect to all their economic activities. The instruments used would be physical allocation or possible direct price controls over specific goods and factors. When the pure models are spelled out,

⁹ We define objects of control as the factor of production and commodity, the price of a factor or commodity, or the amount of purchasing power over which control is exercised.

it immediately becomes clear that no such systems actually exist. Therefore, rather than pursue our analysis in terms of the pure models, we shall use examples of real systems which approximate these extremes.

A semi-planned system, as its name implies, combines planning with free enterprise. Thus, the power to make certain decisions is taken away from the primary economic units, while other decisions are still within their discretion. There is an infinite number of such combinations none of which can be termed "the model of semi-planning." In the section on semi-planning, we shall define one specific model and shall describe the objectives, functions and instruments of a central bank in this model.

FREE ENTERPRISE ECONOMIES

The pure model of free enterprise describes a system in which the government plays no active part in the economic life of the country. This would be the case if there were a general consensus that the government was powerless to interfere with the operation of the economic system as guided by the market mechanism or that such interference was undesirable. As Polanyi states it:

A belief in spontaneous progress must make us blind to the role of government in economic life. This role consists often in altering the rate of change, speeding it up or slowing it down as the case may be; if we believe that rate to be unalterable—or even worse, if we deem it a sacrilege to interfere with it—then of course, no room is left for intervention.¹⁰

In the pure model of free enterprise, there would be no room for a central bank performing any active functions. The most that an institution of that type would be permitted to do is issue currency in response to the demand for it.¹¹ If we ignore the pure model of free enterprise which has never existed, we could describe free enterprise systems as those in which the primary economic units retain most of the decision-making powers and in which there are free markets to exercise this freedom. This de-

¹⁰ Karl Polanyi, *The Great Transformation* (New York, 1944), p. 37.

¹¹ Throughout this paper we are discussing only central bank policy and ignoring government fiscal policies. It is done merely to facilitate the task of exposition.

scribes the situation in most of the countries of Western Europe, the United States and some other areas in the nineteenth and twentieth centuries. In these countries there is not a complete absence of controls; for example, general aggregative controls over purchasing power or as they are more commonly called, indirect monetary controls, are compatible with a large degree of freedom of decision-making for primary economic units.

OBJECTIVES OF CENTRAL BANKS

The objectives of central banks are generally those of the community in which they operate and these are discussed in this paper. At times, managers of central banks have attempted to stress objectives other than those favored by the community as a whole, e.g., price stability, rather than full employment in the 1930's. These cases are exceptional and the attempts have not been successful in the long run.

Exchange Rate Stability. During the nineteenth century and for about the first three decades of the twentieth century the dominant objective of central banks was to maintain stability of the country's exchange rates as required by the operation of the international gold standard. The ultimate purpose of this action was the protection of the integrity of the country's monetary unit. The system was operated under the assumption that domestic prices and wages were flexible, so that equilibrium could always be restored by methods of inflation and deflation without affecting employment, except in the very short run.

Other objectives of central banks in this period were to prevent financial panic by acting as lenders of last resort and to provide an elastic money supply. These objectives are less limited than the maintenance of convertibility of the currency into gold and the stability of exchange rates. The prevention of panics and the provision of a medium of exchange in sufficient quantities to facilitate transactions are important functions in any system where barter is not the sole basis of exchange. For this reason, it is not necessary to discuss them in this section.

The provision of an elastic money supply is the only one of these objectives specifically mentioned in the Federal Reserve Act of 1913. In the preamble to the Act the following aims of the newly formed Federal Reserve System were listed: (1) provide

elastic currency, (2) afford means for rediscounting commercial paper, (3) provide more effective supervision of the banking system, and (4) other purposes.¹²

In addition to following the rules of the gold standard, the central bank philosophy also included an adherence to the "real bills" doctrine. It was believed that if both of these were followed, central bank operation would become automatic and would lead to optimum monetary conditions without the need of any discretionary measures on the part of central bank managers.¹³

Price and Output Stability. The Great Depression brought great changes in this field as in many others. Gone was the confidence in the gold standard and the efficacy of automatic monetary management. Maintenance of stable exchange rates became subordinated to attempts at stabilization of domestic price levels and levels of output and employment. More than that, gone was the confidence in the ability of the central bank, and monetary policy generally, to cope with the problems posed by the depression.

Full Employment. Although the policy of stabilization of prices and output aimed at a stabilization at as high a level of employment as possible, the maintenance of full employment gradually developed as an independent and in some cases superior aim of monetary policy. This tendency became very apparent with the British and Commonwealth White Papers on Employment and the Full Employment Act of 1946 in the United States.

Economic Growth. At the time that the goal of full employment gained in importance in the economically advanced countries, another goal came to the fore in the underdeveloped countries; namely, the goal of rapid economic growth. There was a change in emphasis from regarding the central bank as solely a guardian of stability in exchange rates and domestic prices to regarding it as one of the prime movers in the drive for economic development. But even when the central bank was made an engine of growth, its specific function within the gov-

¹² *Federal Reserve Act of 1913 with Amendments and Laws Relating to Banking*, comp. E. A. Lewis (Washington: USGPO, 1948), p. 1. The provision of a means for rediscounting commercial paper could be interpreted as being aimed at preventing financial panics or as being part of the effort to provide an elastic monetary supply.

¹³ Federal Reserve Bank of Philadelphia, *40 Years of the Federal Reserve Act* (Philadelphia, no date), p. 6.

ernmental apparatus was still to maintain price stability, even as it helped other agencies in promoting growth.

FUNCTIONS OF CENTRAL BANKS

The usual functions of central banks in free enterprise economies fall into three categories:

1. The provision of a medium of exchange to facilitate transactions: (a) issue of currency; (b) provision of a clearing mechanism for inter-bank transactions; (c) granting of accommodation, in the form of rediscounts or collateral advances, and the general acceptance of the responsibility of lender of last resort; (d) direct credit grants to non-bank customers in areas where the banking system is not sufficiently developed.
2. The performance of general banking and agency services for the State.
3. The control of economic activity in accordance with the objectives discussed above: (a) regulation of the money supply: (1) regulation of currency issue and (2) regulation of credit; (b) regulation of foreign exchange transactions.

The functions in the first two major categories are not of very great interest for our purposes at this stage, as they concern relatively technical problems of banking. The interesting problems arise in determining how the functions in the third category, i.e. the control of economic activity, are applied to achieve the various objectives of monetary policy at different times and under different institutional systems.

As far as regulation of currency issue is concerned, most central banks, at the present time, are the sole issuers of currency and are able to control the total amount of currency in circulation. This control is not sufficient to maintain the proper amount of money in the economy. This is determined by two factors in addition to the currency issue: the volume of credit extended and the distribution of the currency between the public and the commercial banks. Thus, the central banks must combine control over currency issue and over credit extensions to achieve control over the money supply. Credit control is generally an over all type of control over the total level of credit, and only in

exceptional circumstances do central banks in free enterprise countries use selective credit controls.

The scope of foreign exchange regulations varies widely among different free enterprise countries, ranging all the way from the mere provision of banking facilities by the central bank to very specific controls over types of transactions, types of commodities, the destination or origin of commodities, etc.

It should also be noted that central banks do not always perform all of the functions listed above. In some cases special agencies are set up to handle specific functions, e.g. exchange stabilization funds to handle foreign exchange.

INSTRUMENTS OF CENTRAL BANKS

In free enterprise economies commercial banks are the main sources of new credit creation. To perform the credit control function, central banks must try to control the activity of commercial banks. Four main instruments are used for this purpose: the discount rate, open market operations, control of reserve ratios, and moral suasion. In underdeveloped countries where the capital market is undeveloped, central banks use various types of controls over reserves of commercial banks and other special instruments to compensate for the relative ineffectiveness of the discount rate and open market operations.¹⁴

The Orthodox central bank action was to use the discount rate and to make the changes in discount rates effective by means of open market operations. Under the gold standard rules, whenever there was a deficit in the balance of payments which threatened the stability of the exchange rate, the central bank would raise the discount rate and sell securities on the open market. This was expected to have two effects: to cause a net inflow of funds from abroad to earn the higher interest rates and to raise the cost and reduce the availability of funds at home, thereby bringing on a deflation. With lower prices and lower national income, exports were expected to increase and imports to fall, thus correcting the balance of payments disequilibrium. If there was a surplus in the balance of payments, the bank would lower the discount rate and

¹⁴ Cf. A. I. Bloomfield, "Monetary Policy in Underdeveloped Countries," *Public Policy: Yearbook of the Graduate School of Public Administration*, Vol. VII, (Cambridge, 1956), pp. 232-74.

buy on the open market, and the mechanism would work in the opposite direction. As Keynes pointed out, this policy may work well in the short run and in the long run, but in between there is a very painful readjustment period until factors of production move and prices change.

We shall see that the extraordinary efficacy of bank-rate for effecting the above is due to the fact that it produces two reactions, . . . both in the right direction—one of them quick in action but not so durable, the other slow in action but calculated to establish gradually a new long period equilibrium. Thus bank-rate is both an expedient and a solution. It supplies both the temporary pick-me-up and the permanent cure—provided we ignore the *malaise* which may intervene between the pick-me-up and the cure.¹⁵

When the objectives of central banks shifted from exchange rate stability to price and output stability and then to maintenance of full employment, the traditional instruments did not prove as effective. There was general agreement that central banks were unable to cure a depression since they could not force banks to make loans, but could only provide the banks with sufficient reserves to make them liquid. In addition, the existence of a liquidity trap or a very low elasticity of the investment demand schedule could frustrate any attempt by a central bank to cure a depression by monetary means. There is not as general a consensus regarding the effectiveness of monetary policy in combatting an inflation. However, it is beyond the scope of this paper to enter into this controversy.

If the major objective is to promote economic growth, the traditional central banking instruments are even less satisfactory. The likelihood of the existence of a low price elasticity of supply and a low interest elasticity of the investment demand schedule will cause an increase in money and a fall in rates of interest, even if that fall takes place, to result merely in increases in prices of domestic goods and in the demand for imported goods.

The contributions a central bank can make to economic growth in free enterprise countries are: (1) to improve the system of financial intermediaries in order to assure that savings are channeled to productive investments, (2) to provide direct loans

¹⁵ J. M. Keynes, *A Treatise on Money* (New York, 1930), I, 214.

in areas where private commercial banks do not find it profitable to operate, e.g. agriculture, (3) attempt to conduct its policy of controlling credit in such a way as to permit the maximum amount of growth without causing runaway inflation or unmanageable balance of payments difficulties.

As we will see below, a central bank in centrally planned and semi-planned economies uses different instruments and is in a position to make more direct contributions to economic growth.

CENTRALLY PLANNED ECONOMIES

The pure model of central planning describes a system where the central authority takes all the decision-making powers away from the primary economic units. The central planning board determines the allocation of factors of production and commodities down to the last detail.

If the central authorities used the most extreme type of control, i.e., physical allocations of all factors of production and all finished products, there would be no need for any market mechanism or for money as a medium of exchange. In this case, no central bank would exist or if it existed it would be an anachronism with no functions.¹⁶

Theoretically, the central authorities could achieve the same results by setting the prices of all factors and commodities and by altering the prices until the desired allocations are reached. In this case, there would be a market in operation and money would be required. Therefore, some institution would have to be created to issue and control money, i.e., a central bank. In this system, the role of the central bank would be to control the total volume of money (currency and deposits), so that given the velocity of circulation or the desire of the enterprises and households to hold cash balances, the amount of money is just sufficient to cover the payment for the goods produced. In other words, the central bank would have to control money in such a way as not to interfere with the price system set up by the planning board.

The Soviet system uses a mixture of physical allocations and

¹⁶ Even in this case, monetary calculations could be used for purposes of accounting and financial control. See discussion of *khozraschet* and "control by the ruble" below.

price controls, with the former being the more important. In the areas where the price mechanism operates money is essential. Even where the allocation is performed by physical controls, money is used for purposes of accounting and financial control. Economic enterprises must buy most of their inputs and sell their outputs; transactions between enterprises are covered by transfers of deposit money in the accounts at the bank.

In addition to the use of deposit money for inter-enterprise payments, money serves another important function in the Soviet system. Maurice Dobb argues that the main reason for using money in the USSR is the need for using money wage differentials as the most efficient method of allocating labor. Wages in kind would not perform this function as efficiently due to variations in individual tastes which would have the result that the same wage in kind would have a different value to individual workers. And the absence of freedom of choice in spending would seriously diminish the strength of the incentive which a wage income offered.¹⁷ Translating this into technical terminology, Dobb is saying that consumer utility from a given income is maximized at the point of tangency between the price line and the indifference curve; the only way that this can be achieved in practice is by permitting consumer free choice.¹⁸

Soviet writers mention both of these reasons for the use of money in the Soviet economy. However, they stress a third reason—the continued operation of the free price mechanism (the “law of value” in Soviet terminology) in the collective farm markets requires the existence of money.¹⁹

The previous discussion has indicated that the objectives of central banks in free enterprise economies have evolved with the stage of development of the economies, with the specific problems facing them, and the ideological climate. In the discussion of

¹⁷ Maurice Dobb, *Soviet Economic Development since 1917* (New York, 1948), pp. 351-52.

¹⁸ It is essential to differentiate between consumer free choice and consumer sovereignty. The former merely involves permitting the consumer to maximize his utility by choosing freely among the various commodities at the prices ruling in the market (even if these prices are determined by the planning board). The latter is a much more basic concept involving the orientation of all production to follow the wishes of the consumers as manifested on the market. Cf. A. Bergson, “Socialist Economics,” *A Survey of Contemporary Economics*, ed. Howard S. Ellis (Philadelphia, 1948), p. 423.

¹⁹ V. V. Ikonnikov, *Denezhnoe Obrashchenie i Kredit v SSSR* (Moscow: 1955), p. 4.

centrally planned economies we will use the example of the USSR to illustrate this type of system. This choice then leads us to discuss the objectives, functions and instruments of central banks as they exist in this case. If we took some other examples of centrally planned economies, e.g., the Nazi economy, we would certainly find different objectives and some differences in the functions and instruments.

OBJECTIVES OF CENTRAL BANKS

It is no easy matter to determine the objectives of the rulers of the USSR. It is clear that there is no one single objective. We might tentatively list the following objectives as probably motivating the Soviet rulers: (1) Political power of the regime, (2) Military power of the country, (3) Rapid growth of the economy, (4) Advancement of "socialism" at home and abroad, and (5) Increasing the welfare of the population. It is clear that certain policies will promote all or most of these objectives, while others may promote some objectives at the expense of others.

One of the objectives—the maintenance of a rapid rate of growth of the economy—is also one of the major methods used to satisfy the other objectives. At the risk of oversimplifying, we might say that the goal of Soviet economic policy is to promote a rapid rate of growth.

In free enterprise economies, this objective is pursued by means of government assistance to the private sector through monetary, fiscal and other policies. In the Soviet economy, it is pursued by means of a comprehensive economic plan which determines both the rate of capital formation and the allocation of resources. Since the allocation is not done entirely by physical controls, especially in the labor and consumer goods markets, money plays an important role. So does the State Bank of the USSR (Gosbank).

The objective of the Gosbank is to assist in assuring the smooth functioning of the plan, thus promoting the goal of rapid economic growth. It implements this objective by acting at two levels: (1) Directly in support of the plan by its control function, the so-called "control by the ruble,"²⁰ and (2) indirectly by

²⁰ The meaning of this term and a description of the methods used in achieving this control are discussed below.

means of assuring a smoothly functioning monetary system and the maintenance of stable prices.

The objectives of central banks in free enterprise economies, other than the objectives of economic growth and price stability, have never played any part in the activities of the Gosbank. The link between domestic prices and international prices was broken and the correction of any imbalance in the Soviet balance of payments was the function of the monopoly of foreign trade and not the central bank. Thus, exchange rate stability could not be a prime objective of the Gosbank. The rapid, forced development of the Soviet economy has put pressure on all resources and there was never any worry about unemployment due to insufficiency of effective demand.

FUNCTIONS OF CENTRAL BANKS

In our discussion of the objectives of central banks in centrally planned economies we have already broached their most important functions: "control by the ruble" and maintenance of price stability.

In comparing the functions of the Gosbank with those of central banks in free enterprise economies, it becomes clear that they are as similar as the different institutional frameworks permit. This is not surprising as the Soviets used existing ideas on the organization and functions of central banks as their model and modified them as needed.

The Gosbank performs some of the functions in all 3 categories:

1. It performs the function of providing a medium of exchange through the issue of currency, the provision of a clearing mechanism for transfers between enterprises, and the opening of deposit accounts for enterprises by means of credits. It does not grant accommodation in the form of rediscounts to commercial banks and does not have the role of lender of last resort; this is due simply to the fact that there are no commercial banks in the Soviet Union.²¹

²¹ It should be noted that the Gosbank is actually a network of banks consisting of the main office in Moscow and branches all over the USSR. The relations between the main office and the branches have some of the earmarks of the relation of a central bank and commercial banks, but the differences are much more important. The branches have little autonomy and must follow the directives issued in Moscow.

2. The Gosbank performs general banking and agency services for the state. It acts as virtually the sole fiscal agent for all levels of government.

3. As in the case of free enterprise economies, it is the functions of the third category, those involving control over economic activity, that are of the greatest interest.

In the USSR, as in most other countries, at the present time, the central bank is the sole issuer of currency, and in this respect there is no significant difference between the two types of systems. In the case of credit regulation, however, the institutional differences reappear. While central banks in free enterprise economies maintain overall, general types of controls over credit extension by commercial banks, the Gosbank itself is the source of virtually all short term credit. In this case, it is not a question of monetary management, but rather one of monetary planning. However, the Gosbank does not determine the volume and direction of credit, but must follow the dictates of the general economic plan which is drafted by the State Planning Commission (Gosplan) under the guidance of directives from the top political hierarchy. One might even argue that despite the more direct nature of Gosbank's control over credit creation, it has less independent power than central banks in free enterprise countries.

The Gosbank has vested in it the exclusive right to deal in foreign exchange. As mentioned above, the maintenance of stable exchange rates or the avoidance of balance of payments deficits are not objectives of the Gosbank. As a result, the foreign exchange regulation function is merely a technical task and not truly a control function.

In addition to these three control functions which correspond to similar functions in free enterprise economies, the Gosbank has one other very important function which has no counterpart in non-planned economies. This is the function of controlling the fulfillment of the financial and production plans of economic enterprises, the so-called "control by the ruble." The control by the ruble consists of several elements. The bank supervises the activities of the enterprises with regard to plan fulfillment. It enforces the application of economic accounting (*khozraschet*)

by the enterprises.²² It also attempts to speed up the turnover of working capital by limiting working capital credits as much as possible without hurting plan fulfillment.

The significance of the control functions, as opposed to other functions of the Gosbank is stressed by Soviet authorities, e.g., "The basic function of Soviet credit is in the planned use of the resources of the socialist economy and in the speeding up of the tempo of the enlarged socialist production."²³ Western authorities agree with this emphasis on the control function of the Gosbank; as one writer states: "In the Soviet framework, the control functions of the banks at least equal in importance the strictly monetary and financial functions."²⁴

INSTRUMENTS OF CENTRAL BANKS

Instruments used by central banks in centrally planned economies are significantly different from those used in free enterprise economies. In free enterprise economies the major instruments are those employed to implement the credit control function of the central bank. Since the commercial banks and other financial intermediaries are the principal sources of credit, the central bank must approach its function indirectly by using its instruments to try to limit the credit creation of these organizations. The institutional situation in the centrally planned economies differs from this in two important aspects: (1) there are no commercial banks—the central bank itself is the major source of credit creation and (2) there exists a central plan and the central bank is charged with assisting in the control over its execution.

These two differences make it clear that the nature of central bank instruments under central planning belong to an entirely different category from those in free enterprise economies. The absence of commercial banks and the consequent concentration of all short term lending activities in the Gosbank make the com-

²² *Khozraschet* implies that each enterprise is supposed to operate in such a way as to cover all its costs and its planned profits from the sale of its outputs at prices fixed by the planning board. Any enterprise which does not manage to do this will find it more difficult to receive credits from the Gosbank and will be subject to much closer scrutiny by the bank.

²³ A. D. Gusakov and I. A. Dymshits, *Denezhnoe Obrashchenie i Kredit SSSR* (Moscow, 1951), p. 30.

²⁴ Gregory Grossman, "Union of Soviet Socialist Republics," *Banking Systems*, ed. B. H. Beckhart (New York, 1954), p. 759.

parison between the Gosbank and, say, the Federal Reserve System meaningless in this respect. A better comparison could be made between the Gosbank and the "one big bank" model used by some economists, e.g. Sir Dennis Robertson.²⁵

The instruments of the Gosbank connected with the control of credit are: the credit plan and the cash plan. The credit plan is based on the credit and financial plans of the economic enterprises and government institutions and not on the credit plan of the bank. Each enterprise submits a credit plan based on the provisions of the general economic plan. These plans are reviewed within the Gosbank and move up within its organization to the Economic Planning Administration of the Gosbank where all the credit plans are combined into the credit plan of the Gosbank. Once approved by the Council of Ministers, the quarterly plans become operational.²⁶ The fact that all wage payments in the USSR are made in cash gives the cash plan an independent significance. The control of the volume of currency emission provides a check on the amount of money appearing on the market for consumers' goods. In the case of the cash plan, the monthly plans are operational. The balance between inflow and outflow of currency is made up by issuing or withdrawing notes; this is regulated by the emission order given by the Gosbank's Emission Administration.²⁷ The Gosbank has little latitude for influencing the course of economic developments; it has to follow the dictates of the general economic plan. The key question that is not answered in any of the literature on the subject is the degree of influence the Gosbank exerts in the drawing up of the general plans. From the available information one might venture a guess that this influence is not very great; the planning of real magnitudes appears to have definite priority over financial planning. It is beyond the scope of this paper to discuss the role and success of the Gosbank in supporting the general plan through its not always successful efforts at maintaining price stability.²⁸

²⁵ Dennis H. Robertson, *Money*, Vol. II: *Cambridge Economic Handbook* (London, 1951), p. 86.

²⁶ Alexander Baykov, *The Development of the Soviet Economic System* (Cambridge, 1947), pp. 412-13.

²⁷ *Ibid.*, pp. 413-14.

²⁸ For an excellent discussion of this subject see H. P. Powell, "Soviet Monetary Policy," (unpublished Ph.D. dissertation, University of California, 1952).

The instruments of the Gosbank used in fulfilling its function of controlling the fulfilment of plans by enterprises—control by the ruble—differ no less from traditional instruments of central banking than do the credit and cash plans. The major instruments are: control over the utilization of current accounts of enterprises and the granting or withholding of loans for working capital, the so-called "credit sanction."²⁹ In addition to the Gosbank, the Soviet banking system consists of four specialized investment banks, each serving one sector of the economy; these banks also participate in applying control by the ruble. Their instruments are: preliminary control over projects submitted for approval and current control over the expenditure of the funds.³⁰

Control by the ruble relies mainly on a comparison of realized with planned expenditures on production. Its purpose is to avoid waste of materials through unauthorized use or poor plan fulfilment, and the bank is one of several agencies keeping a check on the performance of enterprises. According to Soviet authorities, bank control is considered very effective.

The possibility of control by the ruble arises from the fact that the granting of a credit is made directly dependent on the fulfillment of planned tasks, on the basis of which the need for the borrowed funds is established. On the other hand, the ability to repay the borrowed funds is assured by the fulfilment of the quantitative and qualitative indices of the plan, which strengthens the significance of credit for purposes of control. Therefore, bank credit is a very effective means of control by the rubles over the activity of economic organs.³¹

Throughout the years, innumerable regulations have been issued to strengthen the control by the ruble. Among them are the following: (1) working capital funds of enterprises are kept at a sufficiently low level to force them to depend on borrowing from the bank, (2) all but the smallest transactions of enterprises must be made through their accounts at the bank, (3) enterprises are forbidden to lend to each other, (4) the bank can refuse to extend a credit approved in the credit plan if it discovers any irregularities, etc.³² However, a study of Soviet economic his-

²⁹ V. V. Ikonnikov (ed.), *Denezhnoe Obrashchenie i Kredit SSSR* (Moscow, 2nd ed. rev., 1954), p. 330.

³⁰ *Ibid.*, p. 410.

³¹ A. D. Gusakov and I. A. Dymshits, *op. cit.*, p. 31.

³² Grossman, *op. cit.*, p. 759.

tory, especially the highly inflationary period of the 1930s, throws some doubt on the effectiveness of Soviet financial controls.³³

SEMI-PLANNED ECONOMIES

There is no one model of a semi-planned economy. For the purpose of analyzing the role of the central bank in semi-planning, we will define one specific model in which the central bank plays an important role. This "pure model of semi-planning" has the following characteristics: (1) planners' goals are dominant, i.e., there is no consumer sovereignty, (2) the planning board leaves the maximum amount of decision making power, compatible with the fulfilment of its goals, to the primary economic units, (3) it concentrates its controls on investment decisions which are the significant dynamic element in the economy; it decides on the rate of investment and on the allocation of investment funds between the broad sectors of the economy,³⁴ (4) within these sectors the allocation is performed through indirect monetary controls, i.e., by the price of investment funds rather than direct allocations, (5) the economic enterprises are free to make all the decisions regarding the quality, size, etc. of the product, the scale of output, the factor proportions, etc., (6) no physical allocations or price controls are used; prices of goods and factors are formed on free markets; the only controls in the economy are controls over purchasing power, (7) households are free to purchase consumer goods on the market and they can influence supplies and prices of goods within the limits imposed by the planning board's control over the volume of investment in consumer goods industries, (8) the central bank is the only bank in the economy.

It is clear from this brief description of the model that the central bank would play a crucial role. It would retain all its traditional functions, including the control over the aggregate volume of purchasing power with the purpose of avoiding inflation or deflation. It would not perform the control function performed by the Gosbank through its control by the ruble since enterprises would not be given specific plans to fulfill. It would, however, be given the very important function of investment funds allocation within the broad framework set by the

³³ Powell, *op. cit.*, especially pp. 306-14.

³⁴ E.g., heavy industry, light industry, agriculture, transportation, etc.

planning board. The specialized banks in the USSR perform a similar function, but they merely allocate the funds according to the over-all plan issued to them by the planning board. This plan specifies the exact amount of funds to be given to each enterprise, leaving no discretion to the banks. Their only power is to withhold the funds if they feel the enterprise is not acting according to the rules. In our model, the central bank would have a much more difficult job. It would have to develop methods of allocating the funds which would result in optimum allocation within the limits set by the planning board's decision on the rate of investment and the allocation between the broad sectors of the economy.

It might be pointed out that the above model is an extremely simplified and idealized version of the Yugoslav "new economic system" introduced in the years following the break with the USSR in 1948. Simplified in the sense that only the most general principles of this system have been included, idealized in the sense that it implies much less control than actually exists in the Yugoslav system.

OBJECTIVES OF CENTRAL BANKS

The model helps us in analyzing the functions and instruments that can be used by a central bank, but it cannot supply us with the objectives motivating the managers of the bank. For this purpose we must deal with a specific country; we took the example of the USSR for centrally planned economies and will take Yugoslavia for semi-planned economies. In order to simplify the discussion, we might again accept the achievement and maintenance of a rapid rate of growth of the economy as the major objective in Yugoslavia, as we did in the case of the USSR.³⁵

But, even having accepted the similarity of economic goals as a working hypothesis, there is still a considerable difference be-

³⁵ For example, the Governor of the National Bank, Vojin Guzina, told the author in an interview on March 19, 1957, that he considered the attainment of maximum economic growth without strong inflationary pressures as the major goal of the Yugoslav central bank. It should be noted that in the yearly social plans, where the economic policies of the Yugoslav Government are set forth, other objectives are stressed, e.g., in the 1956 plan it was economic stability, and in the 1957 plan it was improvement in the standard of living. It could be argued persuasively that these objectives are subsidiary ones and are stressed at particular periods when it becomes apparent that inflationary pressures or lack of incentives are becoming brakes on economic growth.

tween the specific objectives of the Gosbank in the USSR and the National Bank in Yugoslavia. Although the National Bank also tries to assist in assuring the smooth functioning of the plan, the Yugoslav plan is so much less comprehensive that the functions performed in achieving this objective are very different in the two countries. The objective of maintaining domestic price stability is more important in Yugoslavia. Prices are generally not fixed by fiat, but determined in the market.³⁶ In addition, prices perform a more important allocating function than in the USSR. Similarly, the objective of maintaining exchange rate stability is present in Yugoslavia; the link between domestic and foreign price levels exists, even though it is made very tenuous through a complicated system of exchange controls. Even the problem of maintenance of full employment cannot be ignored in the Yugoslav case as is possible in the Soviet case. The mere listing of the objectives of the National Bank of Yugoslavia indicates that it has more in common in this respect with central banks in free enterprise countries than with the Gosbank in the USSR.

FUNCTIONS OF CENTRAL BANKS

There is very little difference between the National Bank of Yugoslavia³⁷ and the Gosbank with regard to the functions in the first two categories, i.e., providing a medium of exchange and acting as agent to the government. The similarity is due mainly to the absence of private commercial banks in both systems. If it were not for this fact, both of them would be similar to central banks in free enterprise economies with respect to these functions.

³⁶ The statement that prices in Yugoslavia are determined in the market is an oversimplification, but it is beyond the scope of this paper to enter into the process of price formation in Yugoslavia.

³⁷ Recently, the monopoly of the National Bank has been gradually broken and new banks have been created. The creation of the Investment Bank deprives the National Bank of its function of investment allocation. The creation of the Foreign Trade Bank and local communal banks means that the National Bank is no longer the sole source of short term credit. It is not clear how far this process, now in progress, will go. If it goes far enough, the National Bank might become a central bank in the traditional sense of being only a banker's bank. There is nothing in the nature of the Yugoslav system or the spirit of the model of the semi-planned economy which would make such a shift irrational. It would not be rational, however, to introduce such a change into the Soviet system. In this paper, the role of the National Bank is discussed only in the period when it had the monopoly on all banking business and operated through a network of branches subordinated to the central office.

In the third category—the functions of control over the economy—the National Bank differs greatly from central banks in both free enterprise and centrally planned countries. In both of these types of economies, monetary policy does *not* try to devote itself to the allocation of resources. The job is done by the market mechanism in free enterprise systems and by physical allocations and/or price controls in centrally planned systems. The central bank supplies the medium of exchange to facilitate transactions and attempts to prevent price changes which would interfere with the allocations mechanism. As long as other allocating devices perform satisfactorily, the bank acts only in an ancillary capacity.

The situation is radically different in Yugoslavia. The credit function of the National Bank is extremely important and influences the economy at two levels: control of the over all price level and control of the allocation of investment funds.³⁸ The function of allocating investment funds is not an entirely new one for central banks; central banks in many countries influence the direction in which credit moves, and in some cases set up special agencies for the express purpose of channeling investment funds in the desired directions. But in the Yugoslav case this function is explicitly recognized and made one of the cornerstones of the whole system of economic controls. In our model we have eliminated all the other weapons of control in order to make it stand out in bold relief. The investment allocation function is certainly of the greatest theoretical interest as it differs most from central banking in other types of economic systems. In discussing the actual Yugoslav case, however, it is essential to point out that Yugoslav economic leaders themselves view the control over the total volume of credit as the crucial problem. From their point of view, the function of the central bank in assuring the smooth growth of the economy without inflation is of greater significance than the proper allocation of investment funds. The two functions are not independent of each other; if the control of inflation is unsuccessful the allocation of investment will be distorted in any system where prices serve an allocating function.

³⁸ The function of supplying short term working capital credits to economic enterprises will not be discussed in this paper in order to concentrate on the more interesting function of investment credit allocation.

Another function of the central bank, which is unique in Yugoslavia, is the performance of *drustvena evidencija* (there is no good English term to describe this; the closest equivalent would be "social accounting"). This function is based on the maintenances of special accounts at the bank for all the important transactions of each enterprise; all changes that take place in the current account of the enterprise are entered here.³⁹

The purposes served by these accounts are: (1) to provide the bank and governmental organs with up to date information on the operation of each enterprise and groups of enterprises, (2) to enable the bank to control the utilization of the current account by the enterprise, e.g., to prevent the enterprise from withdrawing more currency to pay the wage bill than the earnings of the enterprise justify, and (3) to check on the fulfillment of tax and other obligations of enterprises to the state. The last purpose is probably the most important in a system where the government control instruments are predominantly monetary and fiscal.

Other control functions of the National Bank in Yugoslavia include the control over the issuance of currency and over foreign exchange transactions. In the field of foreign exchange control, the National Bank has much broader powers than the Gosbank, and this function is much more important. The monopoly of foreign trade has been abolished in Yugoslavia, and this has increased the National Bank's responsibility for stability of exchange rates and balance in Yugoslav foreign accounts.

INSTRUMENTS OF CENTRAL BANKS

The instruments of a central bank in our model of a semi-planned economy differ considerably from those used by central banks in the other two models. The basic cause for these differences is the difference in the scope of economic planning in the various systems which determines the control functions of the central banks. A less important difference is the absence of commercial banks in the models of central planning and semi-planning.

A free enterprise banking system consisting of a central bank and private commercial banks requires monetary management by

³⁹ M. Vučkovic, *Uloga i Organizacija Banaka i Kredita* (Belgrade: Rad, 1953), p. 29.

the central bank. The other two systems, where the central bank performs the commercial banking functions in addition to its other functions, requires monetary planning. Monetary planning in the semi-planned economy is much less intensive than in the centrally planned economy due to the less pervasive nature of the national economic plan. In our model of the semi-planned economy the national plan would include only the following elements: the total amount of investment, the amount of other non-consumption items, the tax structure, the allocation of investments by broad sectors of the economy, the degree of imbalance permitted in the balance of payments,⁴⁰ and the permissible changes in the price level. Under such a system, there would be no room for a cash or credit plan, such as exist in the USSR. Since the national plan does not include the production targets for each enterprise, it is not necessary to have a credit plan specifying the amount of credit to be given to each enterprise. What is needed instead is a decision on the total amount of credit to be extended to all enterprises; this is a function of the expected changes in total production, prices and the velocity of circulation of money. In the Yugoslav case, the credit plan was replaced by a credit balance when the "new economic system" was introduced in 1952.⁴¹ However, the credit balance was made operational only in 1957, when it was for the first time included in the social plan. The credit balance is supposed to plan total credits, total currency issue, and total deposits. The cash plan was used in the years 1945 to 1952 as one of the main instruments for regulating currency circulation and the equilibrium between the stock of money and the stock of goods. With the relaxation of planning in 1952, the cash plan became merely orientational, and was finally abolished as of January 1, 1956.⁴² The cash balance constitutes the currency aspect of the credit balance and is not used as an independent tool.

In the model of semi-planning the investment allocation between broad sectors of the economy, e.g., agriculture, light in-

⁴⁰ To be covered by foreign loans, foreign aid, drawing down of foreign exchange reserves, etc.

⁴¹ D. Miljević, S. Blagojević, M. Nikolić, *Razvoj Privrednog Sistema FNRJ* (Belgrade: Znanje, 1954), p. 186.

⁴² Narodna Banka FNRJ, *Godišnji Izveštaj 1955* (Belgrade, 1956) and D. Rajilić, "Deset Godina Unutrašnjeg Platnog Prometa," *Finansije*, XI, No. 1-2 (January-February, 1956), 62.

dustry, heavy industry, etc., is determined by the planning board. The decisions can be based on any one of a number of investment criteria, but would certainly be based on some long range program of economic development. In central planning, the planning board also determines the allocation within the sectors.⁴³ In semi-planning the allocation within the sectors is performed by the central bank by means of investment credits. The rationale of this system is that the allocation between the broad sectors assures that the planners' priorities are met in a general way, while the allocation within sectors assures a minimum of misallocation. This is in a true sense a compromise between central planning and the rule of the market.

Several instruments could be used by the central bank to allocate credits within each sector: (1) It could list all the applicants for investment credits on the basis of some priority scheme. This would mean that the central bank is merely taking over the function of the planning board, but using the same type of administrative procedures. This method would not be in the spirit of the model of semi-planning. (2) It could grant credits to the firms with the best credit ratings. This would be sound banking procedure, but would not be in line with the objective of rapid economic growth. (3) It could grant credits to the firms who offer the most favorable terms, e.g., the highest rate of interest and the shortest repayment terms. If firms are profit maximizers and offer a rate corresponding to their marginal efficiency of investment, this would result in an efficient allocation of resources. However, even in this case there would be problems of the lack of knowledge of both the future generally and of possible external economies by the firms. The choice between this type of allocation and that performed in central planning involves the balancing of the greater knowledge of aggregative changes possessed by the planning board versus the greater knowledge of specific operations in each firm possessed by the managers of the firm.

There would be still other possible methods, but the ones listed above give a sufficient indication of the type of criteria that might be used. The actual method used in Yugoslavia for the share of

⁴³ In the Soviet case, some freedom of decision is delegated to the ministries or lower organs; the planning board is not expected to make all the very specific decisions.

investment funds allocated by the National Bank is a credit auction.⁴⁴ Auctions are held periodically and enterprises falling within a given sector place bids offering a given rate of interest and repayment term. The documentation must be approved by expert committees and by local government organs for technical and economic soundness. The bank reviews the enterprise's financial stability, as well as checking independently on the technical and economic soundness of the project. The bids which pass this screening are then listed in descending order according to the height of the rate of interest offered and the shortness of the repayment term.⁴⁵ The rate of interest is used as the primary criterion, and only when two applications offer the same rate of interest is the repayment term considered. The bank then goes down the list until all the funds allocated to this sector are used up. The rate of interest offered by the marginal firm becomes the rate paid by all firms receiving funds in this auction.⁴⁶ This method is similar to the procedure mentioned above where credits are granted to those firms offering the most favorable terms. The major difference is that the bank does not use price discrimination, but charges every firm the marginal rate of interest. The disadvantage of this method is that firms are tempted to offer very high rates of interest to be sure of getting the credits, knowing that only the marginal rate will have to be paid. The danger is that this could lead to a very high marginal rate if many firms played this game, and this actually happened.⁴⁷ Another problem facing an attempt to combine allocation of investments by plan among sectors and by auction within sectors is the possibility that the funds allocated to a sector will not be taken up by enterprises in that sector. This happened in the case of an auction for credits for the mechanization of construction work, where

⁴⁴ No statistics are available on the share of total investments in Yugoslavia which are allocated through the auction system. The author has estimated that the auctions account for between 10 and 35 per cent of total net investments, with a likelihood that the proportion is nearer to the lower limit. See Egon Neuberger, "Central Banking in Semi-Planned Economies—Yugoslav Case." (Unpublished Ph.D. dissertation, Harvard University, 1957), pp. 187-93.

⁴⁵ J. Sirotković, *Novi Privredni Sistem FNRJ: Osnove, Organizacioni Oblici i Metode Upravljanja* (Zagreb: Školska Knjiga, 1954), p. 148.

⁴⁶ R. Niketić, "Finansiranje Investicija," *Ekonomika Preduzeća*, No. 9 (1954), p. 532. After a year and a half of experience, the sole reliance on these two criteria was abandoned and many additional criteria were added. See Neuberger, *op. cit.*, pp. 203-04.

⁴⁷ Niketić, *op. cit.*, p. 533.

credit applications totalled less than 50 per cent of the amount allocated for the purpose.⁴⁸ In addition, the firm needs some idea of the rate of interest it will have to pay in order to make rational decisions on the capital intensity of the planned project. The auction system does not provide this knowledge. The auction method of allocation of investment credits, which resembles the methods used by some countries to allocate foreign exchange, has considerable theoretical interest and deserves further analysis.⁴⁹

SUMMARY

The brief discussion in this paper has served to point up the differences and the similarities between the roles of central banks in various economic systems. The objectives of central bank action do not depend on the model of planning that exists in any country. They depend on the goals of those groups in the country that formulate national policies, and on the specific role of the central bank in the execution of these policies. We found that the major objective of central banks in the three systems may not differ substantially. This is particularly true if we compare the USSR and Yugoslavia to the underdeveloped free enterprise countries; in all three the major goal is economic growth with a minimum of inflation. The differences are more significant when other objectives, e.g., maintenance of full employment, exchange rate stability, etc. are considered. In this case, the objectives of the Yugoslav National Bank are closer to those of free enterprise countries than to the Gosbank.

There are three categories of functions performed by the central banks in all systems: (1) provision of a medium of exchange, (2) performance of banking services for the government, and (3) control of economic activity. The three systems discussed in this paper do not differ significantly with respect to the first two functions; their major differences are confined to the third category. Here the differences stem mainly from the variation in the degree of control exercised by the central authorities over the decision-making power of the primary economic units. The differences in the organization of the banking system of the

⁴⁸ *Ekonomika Politika*, No. 237 (October 13, 1956), p. 971.

⁴⁹ The author plans to analyze the practical and theoretical implications of the auction system in a separate paper. A preliminary analysis is contained in Chapter XI of the dissertation cited above.

country, e.g., the degree of monopoly of the central bank, contribute to the differences in the control function.

The same factors affecting the functions of the central bank also affect its instruments. All three systems use very different types of instruments, and even within each system there are great variations.

The central bank has no important role in the pure models of free enterprise or central planning. It does play an important role in countries which approximate the pure models. Despite the important role of the Gosbank in controlling plan fulfilment, it can be said that central banks in free enterprise economies play a more significant role. In the pure model of semi-planning or the Yugoslav system which approximates it, the central bank plays an even more important role than in the other systems. In addition to the function of controlling the over-all level of credit and money it also has the function of allocating investment funds. It is fair to say that our pure model of semi-planning gives the central bank more importance than any system that has ever existed.

EXCHANGE FLEXIBILITY IN CANADA: SOME UNDERLYING FACTORS

*Peter M. Cornell**

THE proximate reason for Canada's adoption of a free exchange rate in 1950 was the immense inflow of capital in the third quarter of that year. But the sharp and now lengthy break with the rules of the International Monetary Fund is better explained by three underlying factors of more permanent significance: confidence that the fluctuations of a free dollar¹ would not be too wide even in the absence of large-scale official intervention in the exchange market; the connection between the Canadian and American capital markets which makes exchange flexibility a prerequisite for an effective and independent monetary policy in Canada; and the difficulty of choosing any "appropriate" fixed parity, the result of both disturbing capital movements and a dichotomy in the nation's international transactions.

The relevance of these factors has been indicated in comments by government and business officials on the present exchange policy but their long-run nature is more fully revealed by an examination of earlier periods. The sharp contrast between Canada's rather favorable experiences under a free exchange rate in the period 1914-1939 and the difficulties incurred under the adjustable peg system from 1939 to 1950 supplied an important part of the background for the decision to revert to a free rate.

THE CAPITAL INFLOW IN 1950

During 1950 there was a net capital inflow into Canada of \$1,056 million exclusive of the change in official reserves, \$961 million of which came from the United States. Moreover, \$706

* This article is based on parts of a doctoral dissertation, *Flexible Exchange Rates: The Canadian Case*, Harvard University, 1956. It was prepared while the writer was a Teaching Fellow at Harvard University. Revisions or additions since that time have pertained only to factual points. The author wishes to acknowledge his indebtedness to Professors John H. Williams and Alvin H. Hansen of Harvard and to Professor F. A. Knox of Queen's University, Kingston, who originally stimulated his interest in the topic. Grants from the Canadian Social Science Research Council and the Dafoe Foundation enabled completion of the work on which the paper is based.

¹ "Dollar" as used here refers to the Canadian dollar unless otherwise indicated.

million of the total, including \$644 million from the United States, came in during the third quarter alone. On an annual rate basis this \$706 million would give a figure of \$2.8 billion or the equivalent of 88 per cent of gross private domestic investment for that year. By contrast, American capital imports in the period 1934-1939 which were considered² to be so massive did not exceed 25 per cent of domestic investment in any one year.

The composition of the third quarter inflow is also of interest. Net sales of \$300 million outstanding Canadian securities to the United States, mainly Government of Canada bonds, formed the largest single component. In addition, there was an increase of \$131 million in non-resident holdings of Canadian dollar deposits and short-term securities and an inflow of "Other Capital" from all countries of \$153 million. The last item appears to have been composed mainly of a buildup in commercial accounts payable.

The inflow of capital had significant implications for domestic equilibrium. Inflationary pressures were already appearing as a result of the Korean War. In Canada as in a number of other western nations they brought a revival of interest in monetary controls. But the effectiveness of such controls was greatly restricted by the influx of capital and the resulting accrual of foreign exchange. Official holdings of gold and United States dollars rose from \$1,255.4 million (U.S.) at the end of June 1950 to \$1,789.6 million (U.S.) at the end of September, an increase of 43 per cent. This required Canadian dollar financing on the same scale and, depending upon the method³ used, it could have proven to be highly inflationary. At the same time, heavy foreign purchases of Government of Canada securities tended to exert a downward pressure on interest rates.

Prior to that time the government had been able to finance the foreign exchange accrual from a budget surplus with almost no effect on the money supply. But by the end of July 1950 the Treasury's cash resources appear to have been exhausted. Of the \$588 million required to finance the inflow during the third quarter, the government could provide only \$295 million and \$200 million of this was obtained by the sale of deposit certifi-

² A. I. Bloomfield, *Capital Imports and the American Balance of Payments 1934-1939* (Chicago, 1950), pp. 1-11.

³ S. I. Katz, "The Canadian Dollar: A Fluctuating Currency", *The Review of Economics and Statistics*, XXXV (1953), 237.

cates to the chartered banks. The remaining \$293 million was supplied by the Bank of Canada.

The sale of deposit certificates to the banks would lead to an increase in deposits but not in reserves so its expansionary effect was somewhat limited. The central bank's contribution, on the other hand, had a great inflationary potential. It would result in increased reserves unless it were offset by other changes in the Bank of Canada's accounts. In fact, reserves rose by only \$36 million during the quarter because of such changes, particularly open market sales. It was apparent, however, that the monetary authorities wanted to institute a much more restrictive policy. Indeed, despite the fact that the open market sales carried out at that time were the largest in the Bank of Canada's history, the yield on Government of Canada 3 per cent bonds of 1961-1966 fell from 2.78 to 2.70 between July 12 and September 13, 1950.

The necessity of reducing the impact of the capital inflow on the domestic credit base which had become apparent by September suggested three possible exchange policies: retention of the 10 per cent discount relative to the American dollar; appreciation to parity with that currency; or suspension of the fixed rate. Canadian officials felt that in the light of the circumstances there was no logical alternative to the latter course.

Appreciation of the currency would have removed the incentive for the speculative inflow. The Government hesitated, however, to let speculators profit at its expense. More important, maintenance of the discount seemed to be quite sensible from the viewpoint of the current account balance. Canada was running a heavy trade deficit with the United States. At the same time, the 30 per cent devaluation of sterling in September 1949 had given a considerable advantage to some of the nation's major export competitors. But since American speculators felt that the dollar was undervalued, retention of the discount would have required direct control of the capital inflow or an expansion of sterilization operations.

Many Canadians felt⁴ that controls were too high a price to pay for a doctrinaire position on the pegged exchange rate although such measures would have been consistent with the Fund Agreement. Moreover, an extension of the existing control ap-

⁴ Canada, *House of Commons Debates*, 1949, First Session, pp. 1695-1697, 1706-1707, 1712.

paratus would have been required to handle the inflows. It was feared, for example, that any attempt to prevent the sale of Canadian bonds to Americans would have caused outstanding issues in New York to rise to a premium. Canadians with payments due there would then have found it cheaper to make them by way of bond sales. The existing regulations being designed to prevent an outflow of funds could not have coped with such a situation. But the introduction of more comprehensive controls in addition to being a reversal of the government's over-all policy of liberalizing exchange restrictions would have risked reducing the non-speculative elements of the capital flow at the same time.

The possibility remained of attempting to sterilize the continued inflow of capital. Such action could take the form of further open market operations or an increase in the reserve ratio of the chartered banks.

The first of these methods suffered from two related limitations. First, unless the central bank could supply the exact type of asset demanded by foreign investors, the money supply would be insulated but the interest rate structure was liable to be distorted.⁵ Second, there was considerable doubt about the ability of the domestic capital market to absorb the additional security sales which would have been required if the government had attempted to maintain the discount.

These difficulties might have been circumvented to some extent, however, by raising the reserve requirements of the chartered banks. There was no legal provision for such action but in view of the government's majority in Parliament one writer has suggested⁶ that it would not have been difficult to get the legislation required. The failure to adopt this solution is explained in part by the strong precedent in Canada against ad hoc banking legislation. Revisions of the Bank Act take place regularly every ten years. But the same result might have been attained through the use of moral suasion. Indeed, in February 1951 this was applied

⁵ Such distortion did occur as a result of the stabilizing operations of the British Exchange Equalization Account in the 1930's despite the fact that conditions there, at least from the point of view of the assets demanded by foreigners, appear to have been more favorable than in Canada during 1950. D. S. Lees, "The Technique of Monetary Insulation, December 1932 to December 1937", *Economica*, New Series, XX (1953), 341-355.

⁶ Edward Marcus, "Countercyclical Weapons in an Open Economy", *Journal of Political Economy*, LXII (1953), 487.

anyway in order to get the chartered banks to put a ceiling on their loans.

Some combination of these policies might, therefore, have been given more consideration but for other factors which made exchange flexibility appear as the most desirable course. Certainly the arguments above do not fully explain why a conscientious member of the Fund Agreement should make what seemed to be such a drastic change in exchange policy. The impact of the decision was softened in Fund circles by the statement⁷ that Canada would reestablish an effective par value as soon as circumstances warranted. Nevertheless, the general view⁸ in Ottawa was that it was unlikely that the rate would again be frozen.

To explain this stand it becomes necessary to focus attention on the longer run factors in the situation. In the first place, it is probably true to say that a flexible exchange system was viewed with much less hostility in Canada than in many other countries because the nation's previous experiences with it had been quite favourable.⁹ Both businessmen and government officials had grounds for expecting that a free rate would remain relatively stable. Second, it was held¹⁰ that exchange flexibility was a prerequisite to an effective monetary policy. It would be difficult if not impossible for Canadian interest rates to deviate from those in the United States in the absence of some insulating mechanism between the capital markets of the two countries. Finally, it was stressed by the government that it was impossible to choose the "right" fixed rate anyway:

We realized . . . that in the kind of world we faced, split between the sterling area and the dollar area, with trade discrimination rampant and inconvertibility of currencies almost universal, the "right rate" for the Canadian dollar at one time was unlikely to be the "right rate" at another, and that we might soon have to face again the problem of altering the official rate, with all the inconveniences and disturbances that these sudden and substantial changes create.¹¹

⁷ International Monetary Fund, Press Release No. 145, September 30, 1950.

⁸ The Financial Post (Toronto), October 7, 1950.

⁹ This point was suggested by Professor G. A. Elliott of the University of Toronto.

¹⁰ G. F. Towers, Governor of the Bank of Canada, "Statement on Post-War Monetary Policy in Canada, *Proceedings of the Standing Committee of the House of Commons on Banking and Commerce*, (1954), p. 10.

¹¹ Honourable D. C. Abbott, Minister of Finance, speech before the Vancouver Board of Trade, October 20, 1952, mimeographed press release, p. 6.

In the sections following the thesis is developed that these three factors are inherent in the structure of the economy. In consequence it becomes much easier to explain why the Canadian government might wish to retain the flexible exchange rate over a long period.

EXPERIENCES WITH A FREE EXCHANGE RATE, 1914-1939

The long-run nature of the three features noted above is brought out by examination of the period 1914-1939. The expectation of stability for the dollar is strongly rooted in the experiences of this interval. For all but three of these years the currency was free yet it remained remarkably stable with little official intervention in the market.

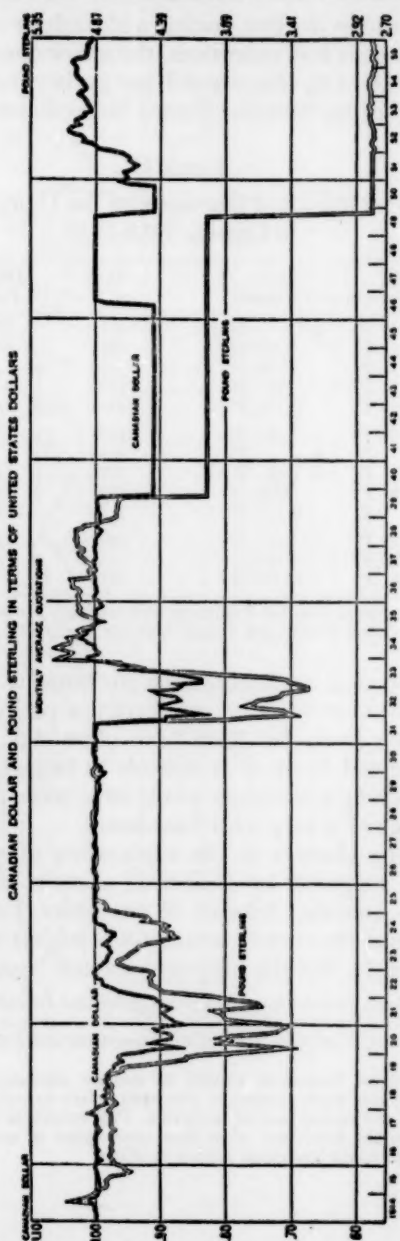
The advantages of exchange flexibility did not go unnoticed. During the discussions in the early 1930's which led to the establishment of the Bank of Canada, it was pointed out that because of the importance of international transactions, particularly on the capital account, a fixed exchange rate would probably preclude effective monetary control.

The same discussions focussed attention on another feature. Due to the structure of the economy, and more specifically its triangular relationship with the sterling area and the United States, it was very difficult to establish "appropriate" fixed parities. On the other hand, reference was made to the "not unsatisfactory compromise" between conflicting interests in Canada which was provided by the free exchange rate after Britain's departure from gold in 1931.

Stability of the Canadian Dollar, 1914-1939. Figure 1 indicates the historical basis for the expectation of exchange stability. From January 1926 to January 1929 Canada was back on the gold standard.¹² Apart from this period the foreign value of the dollar

¹² There is some disagreement as to whether or not Canada completely abandoned the gold standard on a *de facto* basis before September 1931. One writer has stated that the government "ceased to provide gold for export in early 1929." F. A. Knox, *Dominion Monetary Policy, 1929-1934: A Study Prepared for the Royal Commission on Dominion-Provincial Relations* (Ottawa 1939), p. 7. Others have referred to an informal agreement between the Minister of Finance and the chartered banks in Canada to widen the gold points. See J. M. Keynes, *A Treatise on Money* (New York, 1930), vol. II, p. 329; C. A. Curtis, "Canada's Finance Act and the Gold Standard," *Monetary Times* (Toronto), May 3, 1929, p. 3. It can be stated, however, that after January 1929 the exchange rate did fluctuate between wider and undeclared limits. That the authorities were prepared to defend any particular level is open to doubt.

FIGURE 1*
Canadian Dollar and Pound Sterling in Terms of United States Dollars



* Reproduced from Bank of Canada Statistical Summary.

was determined in the free market with little or no official intervention. Yet with few exceptions, the major ones being in 1919-1921 and 1931-1933, the rate did not go beyond 3 per cent on either side of parity with the United States dollar. (Table 1.)

TABLE 1*

Maximum Premiums and Discounts on the United States Dollar
in Canada, 1914-1939

Year	High (% Premium or Discount)			Low (% Premium or Discount)			Year	High (% Premium or Discount)			Low (% Premium or Discount)		
1914	7/8	P	2		D		1927	3/16	P		3/16	D	
1915	7/8	P		5/64	D		1928	7/16	P		1/4	D	
1916	13/16	P		5/64	D		1929	3	P		1/8	P	
1917	15/16	P		3/8	D		1930	1	9/32	P		5/32	D
1918	2	7/16	P		15/32	P	1931	24	7/8	P		1/32	D
1919	11		P	1	7/8	P	1932	19	1/2	P	6	5/8	P
1920	19		P	8		P	1933	23		P	4	1/2	D
1921	17	3/4	P	4	7/8	P	1934	1	5/8	P	3	9/16	D
1922	6	5/8	P		9/64	D	1935	2	5/8	P	1		D
1923	3		P		11/32	P	1936		11/16	P		1/2	D
1924	3	19/32	P		1/32	D	1937		5/16	P		1/4	D
1925		15/32	P		3/16	D	1938	3	1/2	P		5/64	D
1926		5/8	P		13/64	D	1939	12		P		1/32	D

* Bank of Montreal, Foreign Exchange Department, *Foreign Exchange Rates for the United States Dollar and Pound Sterling in Canada*. Published annually.

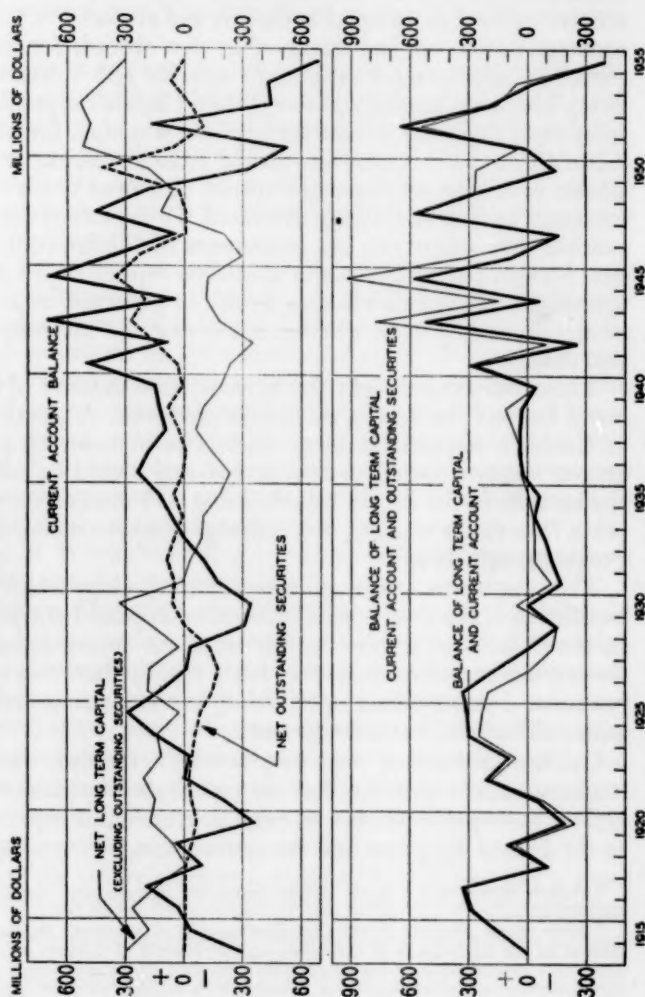
This phenomena has usually been attributed to the widely held belief that the currency's normal level was parity. And it is true that deviation from this level very often did tend to set off stabilizing capital flows. It is difficult to believe, however, that such equilibrating movements would have taken place for so long in the absence of a very solid foundation.

The missing element in the explanation of stability has recently been suggested by Malach's¹³ analysis of cyclical variations in the Canadian balance of payments. For much of the interwar period the current account was subject to wide fluctuations (Figure 2). But the long-term capital¹⁴ account tended to

¹³ V. W. Malach, *International Business Cycles and Canada's Balance of Payments, 1921-1933* (Toronto, 1954). *Idem*, "The International Business Cycle and Canada, 1927-1939," *Canadian Journal of Economics and Political Science*, XXI (1955), 88-100.

¹⁴ Malach defined long-term capital to include outstanding securities. For the purposes of this paper, however, the term refers to only direct investment and new issues and retirements of securities. This treatment appears to improve the model since the behaviour of at least some types of outstanding securities is closely related to the exchange system in effect.

FIGURE 2
Net Movements of Current Account, Long Term Capital* and Outstanding Securities in
the Canadian Balance of Payments, 1914-1955



* INCLUDES ONLY NET DIRECT INVESTMENT AND NET NEW ISSUES AND RETIREMENTS.

move in an offsetting fashion. The compensatory changes resulted from the common dependence of these two accounts upon relative cyclical movements in Canada and abroad.¹⁵ A Canadian upswing which was less intense than that abroad, for example, caused an improvement on current account and a deterioration in the long-term capital account. When Canada's expansion was more rapid than that abroad the opposite was true. Imports rose relative to exports. Canadians turned from the domestic capital market to foreign sources as the cost of borrowed funds at home increased or their availability decreased. To the extent that it was possible they might also cut retirements of foreign-held securities. Foreign parent companies tended to expand their Canadian operations. Similar movements could be observed in a downswing, depending upon whether it was more or less intense than that abroad.

These movements might also be considered in terms of the demand for and the supply of foreign exchange. A positive shift in Canada's demand for other currencies in order to pay for greater imports during an intense upswing would be met by a similar shift in the supply schedule due to increased capital imports. The result was that the exchange market remained in approximate equilibrium.

This mechanism was by no means perfect. Gaps which had to be filled by short-term capital movements appeared continuously in the balance of payments. But since the major autonomous flows tended to offset each other fairly rapidly there was a strong incentive for stabilizing speculation in response to relatively minor changes in the exchange rate.

Cyclical movements were not, however, the only factors of importance. The structure¹⁶ of the country's international transactions was significant also. A large proportion of exports went to the United Kingdom and the sterling area. A very high per-

¹⁵ Malach noted that a more simple multiplier analysis was applicable for 1929-1933.

¹⁶ Some recent analyses of the Canadian balance of payments in drawing attention to the importance of the offsetting movements of current account and long-term capital have at the same time criticized the stress which was laid earlier on the triangular pattern of adjustment, a surplus with the sterling area offset by a deficit with the United States. Actually, the two approaches are complementary. The former, as Malach has shown, is most relevant for cyclical variations in the balance of payments. The triangular process is more closely related to long-run structural problems.

centage of imports of both goods and capital, on the other hand, came from the United States. Consequently, receipts of pounds were converted into American dollars to pay for goods and debt service.

This feature helps to explain the major departures of the dollar from parity with its American counterpart. A depreciation of sterling relative to the United States dollar immediately reduced Canada's earnings in terms of the latter. In 1919 and again in 1931 this led to a sharp fall in the Canadian currency's foreign exchange value to an intermediate level between the two major currencies (Figure 1).

In so far as official intervention in the exchange market was concerned the evidence available suggests that it was almost non-existent for most of the period. Until the Bank of Canada commenced operations in 1935 there was really no machinery for effective control of the exchange rate even if it had been desired. Some of the government's operations during the first two years of the Depression, such as the \$100 million loan floated in New York in 1930, might be construed as official stabilizing operations but it would appear that this was not their immediate object. And from the Bank of Canada's inception in March 1935 to the beginning of World War II the central bank's policy appears to have been one of non-intervention.¹⁷

Exchange Flexibility and Monetary Policy in the Interwar Period. While the basis for confidence in a free dollar was being laid the relationship between exchange flexibility and monetary policy came into the limelight. Prior to the Depression, monetary policy was not a matter of great concern¹⁸ in Canada. The major goal in this field was that of regaining or maintaining a fixed exchange rate and Canadians were content to let Britain and the United States undertake the active measures required for the smooth functioning of the international exchange system.

When the severe downswing of 1929-1931 brought a rapid divergence between the policies of the nation's two major trading partners the situation changed. In Parliament there were protests

¹⁷ A. F. Plumptre, *Central Banking in the British Dominions* (Toronto, 1940), pp. 418-420.

¹⁸ W. A. Mackintosh, *The Economic Background of Dominion-Provincial Relations: A Study Prepared for the Royal Commission on Dominion-Provincial Relations* (Ottawa, 1940), p. 100.

that Canada was merely the "thirteenth federal reserve district." Demands arose for the establishment of a central bank to carry out an independent monetary policy based on domestic considerations. But it was pointed out before the Royal Commission which studied the situation that effective action on the part of the proposed institution would be difficult or impossible under a rigid exchange rate. This claim was based on two main factors:¹⁹ the strong connection between the Canadian and American capital markets and the country's dependence upon international trade and world prices.

There was no international money market in Canada in the London or New York sense. Nevertheless, there was a large volume of capital which could move in or out very rapidly. Both the chartered banks and a number of non-banking interests, including insurance companies and industrial concerns, kept large balances on both sides of the border. In addition, there were a great many outstanding securities which were readily marketable in both Canada and the United States. Canadian bonds with optional-payment²⁰ features were particularly important. And, of course, the ease of communication between the major financial centres strengthened the link.

The absence of a money market implied that the liquid balances were probably inelastic with respect to short-term interest rates. But on the same ground the Canadian authorities would be forced to rely more heavily on open-market operations. This made the connection provided by outstanding securities very significant for monetary policy. It was feared that any tendency for Canadian bond yields to deviate beyond a normal differential from those in the United States would be prevented by large-scale movements of securities across the border. Under a fixed exchange rate there was nothing to stop such flows. But the free rate which was retained during the 1930's provided a "brake"²¹ which helped to insulate the credit base from such disturbances.

¹⁹ Royal Commission on Banking and Currency in Canada, 1933, *Minutes of Evidence and Proceedings* (Ottawa, 1933), pp. 90-92, 2493-3164 passim.

²⁰ Since these securities were payable in two or even three currencies at the option of the holder, they had a broad market but they were very sensitive to movements of exchange and interest rates. W. T. Hackett, "Canada's Optional Payment Bonds," *Canadian Journal of Economics and Political Science*, 1 (1935), 161-170.

²¹ Canada, *Minutes of Evidence and Proceedings of the Senate Committee on Banking and Commerce*, 1946, pp. 3-5.

Some pointed out also that the prices of many Canadian goods such as agricultural products were externally determined. Exchange flexibility, it was suggested, would provide the only means of offsetting changes in these. It should be noted, however, that insulation of this nature would have required larger rate fluctuations than were necessary for the control of capital movements alone.

The Appropriate Level for the Dollar. Rather than revert to an exchange system such as widened gold points which might have sufficed to check capital movements, Canada retained a completely free rate during the 1930's. The reason for this was not, however, the demands for price insulation but rather the difficulty of choosing an appropriate fixed parity, the result of the previously noted dichotomy in the balance of payments. When any factor such as a change in the pound sterling—United States dollar exchange rate or the introduction of trade restrictions abroad impaired Canada's overseas export earnings in terms of American dollars, there was a rapid divergence²² of interest between economic groups. Exchange flexibility appeared to provide an acceptable solution to this problem also.

As early as 1929 pressure was exerted by Canadian exporters, particularly the wheat farming interests, for depreciation of the dollar in terms of its American counterpart to enable them to compete in the British market with the devalued currencies of Australia and Argentina. This pressure was intensified when Britain went off the gold standard in September 1931, and the pound began to depreciate rapidly. Exporters then called for a reduction of the dollar's value to the level of its former parity with sterling.

Importers and those with principal and interest payments to make in the United States opposed such action. They felt that depreciation would harm the nation's credit rating, make future imports of capital for development difficult and increase the burden of foreign debt. For this group the solution was to keep the value of the dollar high in terms of its American counterpart.

These pressures were aggravated by the fact that the sectors concerned were in some cases political as well as economic en-

²² Knox, *Dominion Monetary Policy*, pp. 15-22; *Monetary Times* (Toronto), January 4, 1930 and March 27, 1931.

ties. Provincial governments took positions on the matter also. The Government of Ontario, the province where domestic manufacturing and financial interests were most concentrated, tended to support²³ the importers. The governments of the western provinces being more concerned with exports overseas opposed²⁴ maintenance of the dollar's value in New York.

The course taken by the federal government was described in 1933 by the Minister of Finance:

There are some who advocate that our dollar should be tied to sterling at the old parity and still others who criticize what they mistakenly believe to be a policy of pegging our dollar in terms of New York. This is not the time to enter into a discussion of this broad and complicated question. Suffice it to say that our dollar has been allowed to find its own level and that as a result it has been fluctuating about half-way between the U.S. dollar and the English pound. In so doing it may be working out a not unsatisfactory compromise between those of our national interests which would be benefitted by close and stable relations with sterling, and those on the other hand which would be seriously harmed by a heavy and fluctuating discount in terms of New York.²⁵

This compromise solution remained in effect until September 1939. It did not entirely remove the demands for deliberately tying the dollar to one or other of the two major currencies but it did lead to a considerable reduction in the pressure on the federal government during those years. Indeed, it would appear that only the special circumstances surrounding World War II and the early postwar exchange discussions prevented the retention of, or at least an earlier reversion to this system.

THE PERIOD OF FIXED EXCHANGE RATES, 1939-1950

With the outbreak of hostilities in September 1939 it was felt in Canada that exchange controls were necessary for war purposes and to prevent a large-scale repatriation of American capi-

²³ Government of Ontario, *Statement to the Royal Commission on Dominion-Provincial Relations*, Book II (Toronto, 1938), pp. 84-85.

²⁴ For example, Government of the Province of British Columbia, *Dominion Policy and Provincial Economy: A Submission Presented to the Royal Commission on Dominion-Provincial Relations*, Part VI (Victoria, B.C., 1938), pp. 326-327.

²⁵ Honourable E. N. Rhodes, *House of Commons Debates*, 1932-1933, p. 3208.

tal. An adjustable peg system was adopted and backed by comprehensive direct controls on capital movements. This system, which was retained after the war in accordance with the Fund Agreement, remained in effect until October 1950. The Canadian Government like many others expected²⁶ that after "a relatively short transitional period" the general international economic situation would make the effective operation of the Bretton Woods system of fixed exchange rates possible.

These expectations were short-lived. The country's experiences under the adjustable peg system, even before 1950, could not be entirely ascribed to transitional factors; the wide fluctuations in exchange reserves, disequilibrating flows of securities and troublesome changes in the official rate provided a sharp contrast with the 1914-1939 period. In so doing they pointed up the significance of the underlying features of the Canadian case and laid the basis for a return to flexibility.

The Balance of Payments 1939-1950. A brief examination of the balance of payments in this period reveals the contrast with the years prior to World War II. Official reserves fell from \$393.1 million (U.S.) on September 15, 1939, to \$187.6 million (U.S.) in December 1941, then climbed to a peak of \$1,666.8 million (U.S.) in May 1946. Following a sharp drop to \$480.2 million (U.S.) by November 1947 they rose to \$1,255.4 million (U.S.) by June 1950 and \$1,789.6 million (U.S.) by September 1950.

These pronounced changes stemmed from two factors: the diminished effectiveness of the cyclical adjustment mechanism and disequilibrating movements of short-term capital. The balance of payments difficulties of the country's overseas trading partners and heavy Canadian demands for imports from the United States were reflected in somewhat wider variations on the trade balance. Long-term capital movements were no longer sufficient to offset these so corresponding fluctuations appeared in the combined balance of current account and long-term capital (Figure 2).

But perhaps the more significant change was that relating to private short-term capital movements. Prior to 1939 these had operated to fill the gaps left by the operation of the cyclical adjustment mechanism. With the "brake" of exchange flexibility

²⁶ Abbott, *op. cit.*, p. 7.

removed, the swings in opinion about the exchange rate which were induced by actual or expected changes on current account led instead to disequilibrating movements in this sector, particularly on the outstanding security account. These contributed to even greater fluctuations in exchange reserves.

Figure 2 indicates that there was still some tendency for long-term capital to offset the changes on current account during this period. But any equilibrating tendency that remained was more than outweighed by the flows of outstanding securities. In 1943, 1945-1946 and again in 1950 the latter contributed strongly to the pronounced increases in reserves. In 1947 the drying-up of this trade helped to account for the marked decline in official holdings.

The fall in reserves from 1939 to 1941 was due to the inconvertibility of sterling in the face of a rising demand for American goods for war purposes. Controls on capital account prevented any large-scale repatriation of outstanding securities.

The situation changed in the latter half of 1941. The weakness on current account *vis-à-vis* the United States was corrected partly as the result of the Hyde Park Agreements in April and the consequent increase in sales of ships and munitions to that country. At the same time large settlements were made by the United Kingdom in gold and United States dollars. The consequent strengthening of the combined balance of current account and long-term capital in 1942 and 1943 (Figure 2) contributed in turn to a change in the opinions of American investors and a general rise in confidence in Canada. The result was a considerable inflow of capital due to net sales of outstanding Canadian securities to the United States, particularly Government of Canada direct and guaranteed bonds. The fact that much of the inflow went into securities payable²⁷ solely or optionally in American currency indicates that expectations of an early currency appreciation were not of overriding importance at that time.

The weakening of the current account balance in 1944 due to a great rise in Canada's war expenditures overseas affected the security trade only slightly. But from late 1944 to the first half of 1946 the current account improved rapidly again. Moreover,

²⁷ Dominion Bureau of Statistics, *Canadian Balance of International Payments 1926 to 1948* (Ottawa, 1949), p. 50.

it was realized that after the war Canada like the United States would be in a favourable position relative to western Europe. There was every possibility that the dollar would be appreciated. Anticipation of this occurrence was quickly reflected in the strong inflow of American capital for the purchase of outstanding securities payable²⁸ in Canadian dollars.

The rise in reserves ended in May 1946 but after the expected appreciation took place in July there was an accelerated decline. This has been attributed²⁹ to three factors: the vast amounts going into European reconstruction; the domestic boom, to which the former contributed; and the reversal of the capital flow from the United States.

The last point is of primary interest here. Prior to that time a surplus on current account had been offset to some extent by a deficit on the long-term capital account. With the current sector deteriorating rapidly a compensatory improvement of the capital account was needed. Instead, two of its major components acted to accentuate the pressure on reserves. Refundings and redemptions of Canadian securities held in the United States rose very rapidly and net sales of outstanding securities fell precipitously. Exchange controls prevented any significant outflow of capital on the latter account but it is safe to state that the decline in sales removed one of the mainstays of the appreciated dollar.

A reduction in the rate of drawings on the credit which had been extended to the United Kingdom in 1946 combined with the introduction of the Emergency Exchange Conservation Program to end the drain on reserves in November 1947. Imports from the United States were prevented from rising so rapidly and exports to that country were increased. The trade in outstanding securities remained insignificant for several³⁰ reasons, particularly the high value of the dollar.

The 10 per cent depreciation of the currency in September 1949 set the stage for a new disequilibrating flow of capital. The small inflows of funds for purchase of outstanding securities in the fourth quarter of 1949 and the first quarter of 1950 suggested that the international capital market had temporarily accepted

²⁸ *Ibid.*

²⁹ J. G. Gibson, "Post-War Economic Development and Policy in Canada," *Canadian Journal of Economics and Political Science*, XX (1954), 446-447.

³⁰ Page 276.

the depreciated dollar as appropriate. As early as March 1950, however, there were indications³¹ in the New York financial press that opinion there on the future of the dollar was changing again. This shift which was intensified after the outbreak of the Korean War and the realization of the effect it would have on Canadian trade and development was reflected in massive American purchases of Canadian bonds. Reserves rose sharply and once again the authorities were faced with the difficult and disturbing decision of what to do with the exchange rate.

One additional point should be mentioned. Attention has been focussed here on the disequilibrating character of the outstanding security trade. The statistical data covering the movement of other short-term capital flows in the 1939-1950 period is not as extensive as that relating to securities. At least in 1950, however, destabilizing movements took place in other sectors of the short-term capital account also. As noted previously, inflows of \$153 million and \$131 million respectively were recorded for "Other Capital" and "Changes in Canadian Dollar Holdings of Foreigners" in the third quarter. The former item included changes in foreign currency holdings of Canadians, commercial indebtedness and the residual entry in the balance of payments. The latter was composed mainly of bank deposits.

International Transactions and Monetary Policy, 1939-1950. The movements of outstanding securities and other forms of short-term capital which took place during this period focussed attention once again on the connection between the Canadian and American capital markets. It had been hoped that the retirement of a large volume of optional-payment securities during the 1930's and World War II would weaken the links between the two capital markets. Instead, the problem appeared to worsen. The attribute of international acceptability was inherited by other Canadian securities, particularly internal issues of the Government of Canada. The trade in these bonds and the over all fluctuations in exchange reserves to which it contributed had important implications for the pursuit of an effective monetary policy in Canada. The problem did not become acute from the monetary viewpoint, however, until 1950, primarily because monetary policy was of a rather passive nature until that year.

³¹ *Commercial and Financial Chronicle* (New York). Various issues, March-May, 1950.

Table 2*
Net Trade in Outstanding Canadian Securities with all Countries, by Major Components, 1943-1950
(Millions of Dollars)

	1943	1944	1945	1946	1947	1948	1949	1950
Bonds and Debentures								
Government of Canada, direct	+ 54.0	+ 28.8	+ 72.7	+ 100.6	- 6.1	- 11.8	- 0.9	+ 175.3
Government of Canada, guaranteed	+ 31.4	+ 14.1	+ 12.1	+ 0.5	- 0.2	+ 0.4	- 0.4	+ 7.9
Provincial	+ 34.6	+ 24.8	+ 19.4	+ 2.8	- 2.7	+ 5.4	+ 5.1	+ 14.5
Municipal	+ 2.6	+ 4.9	+ 5.5	- 0.6	+ 1.0	+ 0.3	+ 4.4	+ 0.2
Corporate	+ 9.0	+ 10.8	+ 18.8	+ 27.5	+ 13.5	-	+ 3.6	+ 17.6
Common and Preference Stocks	+ 0.9	- 7.4	+ 9.4	- 17.7	- 18.4	-	- 14.0	- 17.3
Other	+ 12.6	+ 2.1	+ 4.9	+ 4.0	- 0.6	- 0.9	- 0.5	- 0.2
Total†	+ 145.1	+ 75.1	+ 143.2	+ 117.1	- 13.5	- 6.6	- 2.7	+ 198.0

* Canada, Dominion Bureau of Statistics, *Sales and Purchases of Securities between Canada and Other Countries* (Ottawa: Queen's Printer), December 1951, p. 11. A plus sign indicates net sales.

† The totals here were compiled from monthly net figures. The annual figures recorded in the Balance of Payments were usually somewhat larger since they included a number of transactions which were not available on a monthly basis. The adjusted figures, for which no breakdown is given by major components were for the years 1946-1950 respectively + \$194 million, - \$13 million, + \$3 million, + \$8 million and + \$329 million.

The importance of Government of Canada Bonds in the outstanding security trade is indicated in Table 2. The fluctuations in this trade which was mainly with the United States became particularly severe after 1942 (Figure 3).

American interest in these particular securities may be explained on several grounds. First, they did offer slightly higher yields than comparable series in the United States. Long-term Canadian government bonds, for example, averaged about 0.5 per cent above their American counterparts. Second, a number of Canadian securities were or became eligible assets for many life insurance companies and savings banks in the United States. But a third factor appears to be of much greater significance in explaining the special interest in Canadian-pay issues and the pronounced fluctuations in the trade. In 1944 the Bank of Canada stated³² that it felt conditions of the post-war period would warrant the maintenance of low and stable interest rates. There was, in consequence, little fear of a loss in principal due to a decline in Canadian bond prices. This meant that in Canadian dollar terms these securities possessed greater liquidity than had many short-term assets in earlier periods. And once the possibility of a one-way exchange movement was introduced they became a most attractive investment.

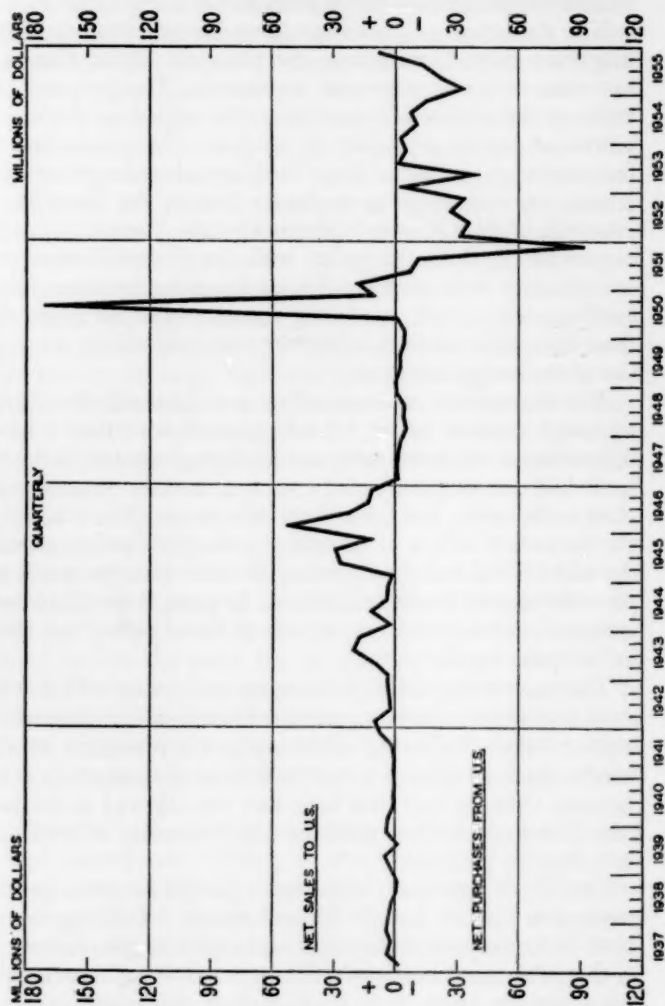
Movements of these securities would affect the credit base in two ways. First, net purchases by non-residents would tend to push Canadian bond prices up and yields down. Second, the associated inflow of foreign exchange could, depending upon the way in which it was financed, have a considerable impact on the money supply.

There is some evidence of concern with this problem before 1950 although it was only in that year that the crisis stage was reached. In 1944 the Governor of the Bank of Canada warned³³ officials of some American insurance companies against investing too heavily in Canadian issues. And in January 1946 when a large inflow of capital was taking place on the security account, the registration privilege for non-resident purchasers of government bonds was revoked. The Canadian dollar proceeds from the sale

³² Bank of Canada, Press Release, February 7, 1944.

³³ *Minutes of Evidence and Proceedings of the Senate Committee on Banking and Commerce*, 1946, p. 13.

Figure 3
 Net Sales or Purchases of Government of Canada Direct Bonds Between Canada and the
 United States, Quarterly, 1937-1955



of unregistered bonds could not be taken to New York for conversion on the free exchange market.

The absence of this privilege from January 1946 to May 1949 may have helped to alleviate the situation. Other factors were, however, of equal or greater importance. The presence of controls on the capital account probably helped to discourage an inflow of capital as well as an outflow. The narrowness of the free exchange market in New York introduced another obstacle. There was danger of an exchange loss on the Canadian dollar proceeds of sales of even registered bonds. Moreover, the appreciation of the dollar to parity with the United States currency considerably reduced the purchase incentive between July 1946 and September 1949. As a result the accrual of exchange reserves from December 1947 to mid-1950 remained within the capabilities of the budget surpluses.

The movements of outstanding securities and the changes in exchange reserves which did take place before 1950 might have been viewed in a much more serious light, however, if the central bank had contemplated resort to active credit control measures at an earlier date. But for at least two reasons this was not done: the theoretical eclipse of monetary policy by fiscal measures after the mid-1930's; and the tendency for debt management³⁴ to take precedence over credit restrictions. As a result the Canadian government concentrated on the use of fiscal policy for checking inflation during this period.

The passive character of the monetary policy which was pursued during most of this period is illustrated by the stability of interest rates. Yields on fifteen year Government of Canada bonds remained close to 2.5 per cent from the end of the war until January 1948. At that time basic rate was allowed to rise to 3 per cent. It remained there until the 1949 recession when it was reduced to 2 $\frac{3}{4}$ per cent.

Even more significant is the close parallel between the policies pursued in Canada and the United States. All during the period 1945-1950 the yield differential on long-term government bonds in the two countries remained at about 0.5 per cent or slightly less. Even the pressure on the Canadian chartered banks in 1948

³⁴ R. C. McIvor and J. H. Panabaker, "Canadian Post-War Monetary Policy, 1946-1952," *Canadian Journal of Economics and Political Science*, XX (1954) 218-226.

to apply more stringent conditions on loans and its easing in 1949 paralleled United States action in changing the bank reserve ratio.

In the absence of an active and independent monetary policy fiscal measures were then the major anti-inflationary weapon. This reduced the significance of the connection between the balance of payments and the credit base. But the outbreak of the Korean War and the ensuing inflationary pressures revealed the limits of fiscal policy and pointed to the need for positive action in the monetary field. Such action had as its prerequisite greater insulation of the domestic sector from external shocks.

The Choice of an Appropriate Parity. The events of this period also demonstrated once again the difficulty of choosing the "right" rate for a pegged dollar. The three changes in the official rate were supported by apparently good reasons but each was followed closely by large fluctuations in exchange reserves.

The 1939 depreciation was made on several grounds. For one, it was an attempt to discourage non-essential imports from the United States. At the same time it enabled Britain to obtain Canadian products at lower prices. Moreover the opinion was widely held that the currency of a belligerent nation was liable to depreciate in any event.

The appreciation in 1946 followed the great rise in exchange reserves which took place in the latter years of World War II. The primary³⁵ object at that time was to cushion the Canadian price level against the rapid rise in prices in the United States. The alteration was in fact delayed until that country ended its price controls. At the time there appeared to be a fairly general acceptance of the move on the part of the major political parties, Canadian importers and exporters, and the New York capital market.

Consideration was again given to the possibility of depreciation when reserves were falling so rapidly in 1947. But at that time the opinion was strongly held that the country's difficulties stemmed more from the inconvertibility of sterling and trade discrimination abroad than any exchange maladjustment. Consequently, direct controls on current account were adopted in order to attain a rapid re-orientation of exports and reduce the deficit with the United States.

³⁵ *House of Commons Debates*, 1946, p. 3180.

The situation changed again in 1949. The major factor³⁶ behind the depreciation in September of that year was the feeling that the economy was not yet in a position to compete against the 30 per cent depreciation of sterling. Exporters had already begun to encounter difficulties. And once again tradition was important. The dollar's tendency during the interwar period to take up a position intermediate between the pound and the United States dollar was recalled. Finally, the new sterling rate appeared to indicate a realization of the changed conditions of the postwar world. It was felt that Canada too should take cognizance of these. So the currency was again depreciated by 10 per cent.

Despite the reasons for these changes none of the pegged rates provided anything like a stable equilibrium. The 70 per cent decline in reserves from July 1946 to November 1947 which raised a great deal of controversy about the exchange rate left a particularly bitter memory in Government circles. This decline like the other fluctuations in reserves stemmed from the factors noted above: the wide swings in earnings of convertible currency in the overseas sector in the face of a continuous current account deficit with the United States; and the aggravating flows of outstanding securities and other items of the short-term capital account. The major effect of the exchange rate changes was to set the stage for these capital movements rather than to effect an adjustment on current account.

THE CONTINUED RELEVANCE OF THE UNDERLYING FACTORS, 1950-1956

Since the Canadian Government's announcement that the official fixed exchange rate would be withdrawn effective October 2, 1950, the policy³⁷ has been to allow the rate to be determined by market forces without intervention by the Exchange Fund Account except to insure orderly conditions. The Minister of Finance has stated that no attempt is made to reverse persistent trends but only to smooth out excessive short-run fluctuations. Foreign exchange control regulations have been entirely absent since December 1951.

³⁶ *House of Commons Debates*, 1949, Second Session, pp. 57, 1015-1018.

³⁷ Abbott, *op. cit.*, p. 8.

Space limitations preclude detailed analysis of exchange movements in the recent period but two features of Canada's experiences under the free rate suggest the continued relevance of the underlying factors discussed above. The first is the relative stability of the rate despite an apparently small amount of official intervention. The second is the marked deviation of Canadian interest rates from those in the United States.

The Stability of the Canadian Dollar Since 1950. Table 3 indicates that for much of the six year period following the freeing of the dollar its fluctuations around the average level were within a range of about 4 cents.

TABLE 3*

Range of Fluctuation of the United States Dollar in Canada,
October 1950-October 1956

Period	High	Low	Range in Cents
October 1950-June 1951	107.3	103.3	4.0
June 1951-September 1952	107.3	95.9	11.4
September 1952-October 1956	100.1	95.9	4.2

* Bank of Canada, *Statistical Summary*.

The exception was provided by the last half of 1951 and the first nine months of 1952 when a continued inflow of capital was reinforced by increased overseas demand for Canadian exports and a favourable movement of the terms of trade. This resulted in a shift to the higher average level for the Canadian dollar which has been maintained since that time.

Investigation shows that the very short-run fluctuations of the dollar have been maintained with narrow limits also. (Table 4).

The day-to-day stability of the exchange rate would appear to be in line with the stated policy of the Government but the relatively small fluctuations over longer periods require additional explanation. Investigation elsewhere³⁸ by the writer has suggested several points of relevance. First, there was a continued tendency for long-term capital movements to offset the changes in current account. Swings in merchandise imports and the volume of new issues of Canadian securities in the United States were particu-

³⁸ Cornell, *Flexible Exchange Rates*, Chapter VI.

TABLE 4*

Cumulative Distribution of Ranges of Daily Fluctuations of the United States Dollar in Canada, Business Days, October 18, 1950-December 31, 1954

Range in Cents	Number of Days	Per Cent of Total
No movement	138	12
1/32 or less	414	36
1/16 or less	651	56
3/32 or less	806	70
1/8 or less	921	80
5/32 or less	982	85
1/4 or less	1,092	95
1/2 or less	1,150	99.7†

* Calculated from data supplied by the Research Department, Bank of Canada. Ranges are between daily highs and lows.

† Ranges exceeding 1/2 cent were recorded on only four days of a total of 1,154.

larly significant although the inflow of funds for direct investment in Canadian companies supplied an important element in the continued strength of the dollar through the whole period after 1950. Second, private short-term capital movements generally outweighed the quarter to quarter changes in official reserves. This was particularly true after 1951 when the market appeared to become more self-regulating. Moreover, despite the fact that Canada's current payments and current receipts increased by 24 per cent and 37 per cent respectively in the period 1952-1956, month-end holdings of official reserves of gold and United States dollars varied in the same interval within a maximum range of only \$192.5 million (U.S.), between a low of \$1,750.1 million (U.S.) in June 1953 and a high of \$1,942.6 million (U.S.) in December 1954.

Movements in the Canadian-United States Interest Rate Differential Since 1950. The movements of the exchange rate which took place after October 1950 undoubtedly allowed much greater flexibility of interest rates than would have otherwise been the case. From the end of 1950 to the middle of 1955 the yield differential on comparable long-term government bonds in the two countries ranged from less than 0.10 per cent to over 1.0 per cent. This provided a sharp contrast with the relatively stable differential of 0.5 per cent which held from 1944 to 1950.

CONCLUSIONS

Wide international reaction against the undesirable experiences of many countries during the interwar period with both a rigid gold standard and widely fluctuating exchange rates led to the development of a compromise, the adjustable peg system, and its embodiment in the Articles of Agreement to the International Monetary Fund. Canada abided by the Agreement in a very conscientious manner until late in 1950. Since then the country's exchange policy has been characterized by considerably greater rate freedom than the Fund was originally at least willing to condone.

Some explanations of this shift have tended to concentrate too heavily on the events immediately prior to the change in policy. This makes it more difficult to explain both the 1950 decision and the Canadian Government's apparent unwillingness since that time to restore anything resembling the adjustable peg system, including widened gold points. The failure to take account of the underlying factors in the situation carries with it the necessity of stressing the emergency nature of the solution adopted. This in turn makes generalization from the Canadian case more difficult.

There is, of course, the possibility that the underlying factors may change with time. For example, the re-orientation of Canadian trade away from the sterling area and towards the United States may, if it continues, make the choice of an approximate parity less troublesome. Nevertheless, events in the six year period following the freeing of the dollar seem to have justified the present policy to a considerable extent. With the exception of the major change in the level of the exchange rate in 1951-1952 the foreign value of the dollar fluctuated within a relatively narrow range from October 1950 to the end of 1956. And at least in part as a consequence of exchange freedom, the Canadian authorities were able to follow a more independent monetary policy. Indeed, the major advantage of the present exchange system lies in this direction. Since the authorities were not committed to the maintenance of any particular rate, they were able to follow a much more flexible approach to monetary and fiscal policies for both internal and external equilibrium.

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VI

PART III

PHASES OF THE POLITICAL PROCESS

RECENT THEORIES AND PROBLEMS OF LOCAL GOVERNMENT

(FEDERALISM AND LOCAL GOVERNMENT—FROM
WILSON TO KESTNBAUM)

Norton E. Long

THE period of some seventy years that separates Wilson's early work in the field of political science and the Kestnbaum Report spans not only the rise of urban America but its decay. The raw, lusty giants spawned in the period of post civil war industrialization have become the declining cores of emerging metropolitan areas. The cities of yesteryear that stood out from an overwhelmingly rural America are but concentrations of trade and transportation in a land where some sixty per cent of the people live in 168 metropolitan areas. Of this metropolitan population more than half live in 14 of the 168 areas. Nearly nine of every ten urban inhabitants live in a metropolitan area. The trend increases and accelerates. Metropolitan life has become the basic pattern of our existence. The problem of local self-government, if not of democracy itself, has become the problem of metropolitan government.

The emergence of this problem challenges us to reexamine old doctrine and reevaluate the adequacy of existing theory. At a time when reassessment of the roles of the nation, the states and local governments raises age-old problems not only of division of powers and functions between the levels of government but also of the realities that lie behind the levels, it is in order to raise questions as to the purposes and social and political prerequisites of the local self-governing community. Is there or can there be in the modern metropolitan area the necessary sociological, ethical and political conditions for a vigorous local self-government? Or do we face the necessity if government is to be honest and efficient of T.V.A.-ized regions governed by benevolent replicas of Robert Moses with the advice, if not the consent, of Selznick's local coopted elite or Lilienthal's grass roots democracy?

In answering these questions we need to think about the role of local democratic government in our national democracy.

What validity is there to the views of Jefferson and De Tocqueville on the importance of local institutions to the curbing of centralized power and the maintenance of civic health? What validity to these views as reiterated in the stereotyped phrases of the Kestnbaum Report? What to the views of Mill as expressed in the 15th chapter of *Representative Government* and echoing down the halls and class rooms of American political science?

Beyond the question of constitutionalizing power and educating the lesser orders in responsible citizenship, what of local self-government in some viably vital, shared conception of the good life? It is an old aphorism of Carlyle that the healthy know not of their health but only the sick. The failure of American political thought to face up to or even consider the classical question of how political constitutions are to instrument a good life was perhaps as much an indication of health as intellectual torpor and the complacent acceptance of inherited formulae whose validity seemed guaranteed by the happier facts of American life. Evangelical religion, laissez-faire economics and an Americanized version of the natural rights individualism of John Locke provided a sufficient rationale for regarding the common good as an automatic by-product and community as a highfalutin name for the voluntary fire department.

Political theory when not hopelessly academic takes its cue from the times. Virtually all the writers dealing with American local government at the turn of the century cite with approval Lord Bryce's view of American municipal institutions as the one conspicuous failure in our public life. For the most part they agree with his account of parties and machines, spoils, patronage and corruption. The major antinomy for Bryce is between civic vice and virtue, the mobilization of the goodly and the smoothing of their way to power the task of civic reform. The stereotype of the problem of local government became fixed as the boss, the ring, the interests, the immigrant and the ignorant, the machine, the national parties and the complexities of local government machinery that baffled the befuddled but honest voter.

The character of local politics at the turn of the century insured that combatting the corruption of machines and the jobbing of state legislatures should monopolize the attention and the imagination of laymen and academics alike. Thought and enquiry were the servants of reform. Reform became institutionalized in

the National Municipal League and a creed developed and hardened to provide the reformer with a sanctified gospel to rally men of good will and cast out the ungodly from a reconstituted civic temple.

The model charter became the covenant of the new model army. In the terms of Sorel it became a political myth energizing support and promising a mystic civic rebirth. For so utilitarian a document to promise so much seems odd but utilitarianism as any student of Benthamism knows had a faith of major proportions.

The articles of faith were simple and straightforward. (1) The legislatures had visited the cities with a plague of special legislation, succumbed to temptation and were in any event incompetent to legislate in detail for the cities. Therefore what was needed in this regard was to insure municipal home rule, to confine the legislatures to general legislation and at most to have the states exercise some administrative supervision over municipalities.

(2) Non-partisan elections. The national parties bemused the voter into voting for labels rather than issues and thereby aided in the formation of machines. There is no Republican or Democratic way to run a city. A city is a business, at least, it is practically all administration and therefore the less of politics the better.

(3) Civil service. Civil service will insure professional administration and almost equally important will by removing patronage reduce the interest of the parties in local government.

(4) The short ballot. The older American theory of the separation of powers and the Jacksonian attachment to electing all sorts of officers was bad. Separation of powers to prevent tyranny had no place at the local level. It confused the people by presenting them with too many and too obscure candidates for the electors to function with adequate information, concern and intelligence. By depriving public posts of prestige through the fragmentation of power it had the further disadvantage of making local public life unattractive to the better classes and thus deprived local government of good men. The short ballot then meant the elimination of as many offices as possible, concentration of responsibility so that a few officials would stand out in the public eye and thereby be more readily held accountable.

At first the reformers and the League were content with the strong mayor plan. Seemingly, however, this violated a dogma

of growing acceptance, the separation of politics from administration. This conception was dear to the heart of Professor Frank Goodnow of Columbia and at an early date had received classic expression from the pen of Woodrow Wilson in an article in the *Political Science Quarterly*.

The genius and talents of Richard S. Childs led to the invention of the City Manager Plan which after a brief resistance became the approved doctrine of the model charter. This with election at large by proportional representation of the council and an increasing number of provisions for the control of franchises, auditing and city planning became the crystallized but expanding body of doctrine that has controlled American thinking on local government for half a century.

As a central myth for local government reformers it has provided a ready-made civic suit of clothes on a wholesale basis for cities of several hundred thousand down to mere hamlets. It has achieved a high degree of acceptability and respectability even among newspaper editors. It has sired a new profession, the city manager, and it has given aid and comfort to all who have struggled at the Augean stables of municipal administration.

The saga of the League is told in a drab but comprehensive way in Professor Frank M. Stewart's *A Half Century of Municipal Reform*. From his compendious account it appears that scarcely a major American political scientist has not at one time or another been associated with the work of the League. And it has been a notable story. Unfortunately the preoccupation with reform with its inevitable vision of a world divided between good and evil and the almost ecclesiastical necessity of maintaining doctrinal uniformity has not lent itself to empirical research and to a careful examination of the value premises underlying the charter. This foundation of reform and the pressing interests of the hopeful professionalizers of municipal administration has led to the same difficulties that have been observed in the closely allied field of public administration. In both cases there existed what Charles Hyneman in his classic essay on the theology of administrative reform called a new profession in embryo pushing for power setting forth untested and sometimes untestable principles as wares to beguile a callow public. Dwight Waldo in his *Administrative State* has dealt with the inarticulate major premises of public administration's political theory. Much the same

premises have underpinned local government theory from the separation of politics and administration to the doctrine of the one best way.

Perhaps the most serious fault of the reformers was their attempt to banish politics from the municipal Eden. In this they resembled the communists who have an equally touching faith that politics and parties other than one will be unnecessary, comes the revolution. Or if this comparison be too harsh, one can hark back to Washington's strictures on parties in a republic. It seems odd that as the profession was developing a defense of parties nationally it was turning against them locally. But here one has to reckon with the conviction that municipal politics isn't politics. At least it is only politics when evil machines in the national parties corrupt a potentially harmonious scene. In their absence all might be carried on in harmonious, business-like administration with the city manager like Bolingbroke's Patriot King governing all in the scientifically determined "one best way."

It would be unfair to the profession to indicate that none had misgivings as to the immaculateness of this nonpolitical, middle class idyll. Charles Beard in a brilliant piece in the *National Municipal Review* of March 1917 called to witness Hamilton and Madison on that invariant of politics, the cities of the rich and the poor. He even urged his colleagues to a prayerful meditation of Aristotle in whose "Politics" he found more than in all American works on government put together. Lindsay Rogers in the *World's Work* of September-November 1922 suggested some caution as to the universal validity of the Model Charter and threw out some broad hints that there might be an ecology relevant to the manager plan. Frank Coker also took issue with the Dogmas of Reform when they invaded the State of Ohio.

Whether the model charter bears the clear stigmata of John Stuart Mill's paternity that William Anderson found in his article of October 1922 in the *National Municipal Review* may be a subject of dispute. That it represents the kind of axiomatic *a priori* reasoning that Macauley found so pathetically naive in James Mill has been observed by unkind critics. To John Stuart Mill's credit he did conceive situations unsuited to representative government. If similar caveats exist with respect to the Model Charter they have gone unheralded.

Administration theory, the twin if not the offspring of municipi-

pal theory, has formally at least abandoned the politics-administration dichotomy. Under the impulsion of some empirical research it has even advanced to an exploration of the sociological and psychological implications of actual rather than deduced administrative behavior. This has well nigh revolutionized the subject. Simon has undermined the reign of principles by demonstrating their proverbial nature. If the principles of the Model Charter were stated as principles they might well suffer a similar fate. In any event students of administration like Wallace Sayre and Joseph MacLean have raised the question of political ecology in the *Public Administration Review*. The One Best Charter like the One Best Way may suffer the fate of sociological relativism. If all urban Americans were for local government purposes interchangeable parts subject to the calculus of a utilitarian or even a Jeffersonian individualism, ready-made political clothing might prove a tolerable fit. What is dubious in the administration of a government agency is even more dubious in the government of a community.

The revolution that has gone on in the field of public administration is long overdue in local government. Standard texts like Anderson and Weidner no longer repeat the time-honored dogmas. In fact under the impulse of depression realism Roger Wells had parted company in 1937. In general however the antipolitical bias of local government has weakened political science in the area to the point where housers, planners, and urban sociologists have taken over the richest parts of the field. The charge so common that municipal government is man hole counting is the clear consequence of banishing politics. What has seemed a trivial preoccupation with mere technique has deprived a once well populated field of political science of interested and competent students.

The claim to be able to structure a politics free administration has meant in practice an assumption of the rectitude and universality of the values of organized administrators. This is pathetically apparent in the classic on City Management; Stone, Price and Stone. There municipal Gaul is divided into its appropriate three parts, faction-ridden cities, machine-ridden cities and community-governed cities. Naturally the manager plan works best in the community-governed cities. There is something almost 18th century about this antipathy to faction.

One can hear the Federalist parson calling for the raising of a standard to which the rich, the wise and the good might repair. All this would merely evoke a certain amount of humor at the capacity of academics to take themselves seriously were it not coupled with a kind of insensitivity to other values that Dewey has so well painted in *Human Nature and Conduct*. The "administrator" secure in the nonpolitical certainty of his values can with good conscience eject three thousand slum dwellers from their hovels with a scientific assurance that no values that merit preservation are lost and that this dump heap of faceless individuals will achieve a far more antiseptic happiness in the new model housing. Banfield and Meyerson in their excellent account of public housing in Chicago have commenced a long overdue reconsideration of the simple faith of the houser and the planner in their monopoly of wisdom. It is a refreshing contrast to find a work that can conceive of Negro ghettos as having respect worthy values and that recognizes a municipal pluralism that is not merely a stubborn ineluctable fact of ignorant wrong headedness. The dilemmas of the housers and the planners and the giant fact of the emergence of metropolis forces upon us a return to sociological realism in political analysis. The city manager idyll for the middle class Republican suburb is not even a satisfactory dream of a solution for Chicago, Cleveland, Pittsburgh, New York and the lesser of the species. The disintegration of community that metropolitanization entails will task all our ingenuity if it is not to gut local self-government of its remaining vitality.

The problems of the metropolitan area are frequently seen as matters of relating sound engineering solutions of sewage, water, transportation, public health and the like to an extended area of fractionated government. There is an assumption that these problems have solutions on their own merits independent of the political factors involved—that political factors are not elements of value but of the same order as facts of physical geography. As Weldon has remarked in his *Vocabulary of Politics* this leads to the dangerous conclusion that the political problem solver like the bridge engineer faced with unfavorable topography should resort to dynamite and the bulldozer. The democratic values of the "open society" require a calculus of political feasibility in which neither force nor manipulation are used as other than exceptional means and that "human engineering" be left to practi-

tioners of another faith. The dimensions of the democratically possible must include a pluralism of respected values in which a maximizing of consent is itself rated as a major end and criterion of the worth of any measure. It would be idle, however, to deny that creating the United States of Metropolis may be well nigh as difficult as creating the United States of Europe. Nor can a commitment to democratic means justify avoidance of scientific inquiry into the feasibility of securing the extent of local consent now legally necessary. The degree of Toronto's success may justify imposed solutions from above and cast doubt on the unqualified blessing of constitutional home rule.

The problem of the metropolitan area is the problem of restructuring the most populated part of American local government so as to give it the ability to cope with presently unmanageable problems and by so doing renew its vitality. This is a job of constitution making in the classical sense. A city charter is a legal instrument that may bear little relation to the living structure that is a community. Our preoccupation with the nation state and the lawyer's tool sovereignty has led to an easy acceptance of the artificiality of local government. Even Harold Laski in the pluralist days of his *Grammar of Politics* gives but passing attention to local government as embodying a way of life. With the passing of the city-state the local arena degenerates into a mere area for the administration of services. Yet the Aristotelian questions of who is a citizen, what are the principles of justice and what ideal sustains the active element of the polity are not pointless or irrelevant. Reformers from Godkin to Richard Childs seek the key to an active electorate. Jefferson and John Stuart Mill see in the "ward republics" the school houses of the citizenry. But few find in local government the sense of achievement necessary to attract and hold the imagination. Already at the turn of the century Bryce was complaining of the dearth of talent in urban public life and the flight to the suburbs of potential leaders. If it was difficult then to attract and hold a first-class leadership the fragmented burdensome maze of the emerging metropolitan area makes the task of recruiting, training and holding a first-class leadership more difficult by far.

The central city in many cases has lost its power to meet the problems that confront it. The suburbs likewise provide no field of significant action. Community affairs are tangled in a web of

committees in which an overworked minority stumbles wearily from meeting to meeting with mounting sense of frustration and futility. Both the formal and informal organization of the emerging metropolitan area are wasteful of human energy and immensely difficult to operate. While the emerging metropolitan community is as yet too embryonic to structure a new civic life it deprives the older units of their former significance. Many of the things people want to accomplish cannot be achieved through existing local governments. Loyalties are thereby lost without being transferred to new and more effective political communities. In Barnard's sense the organization loses its power to yield sufficient satisfactions to maintain morale and in cases even to hold its members. These satisfactions as Barnard points out may be, in fact to a great extent are, ideal as well as material. Their presence or absence vitally affects the staffing of the civic table of organization and the effectiveness of the symbolic structure through which the whole body identifies with the goals and processes of the community. One way of looking at the problems of the metropolitan area is in terms of modern organization theory. In terms of this theory it will appear that both the formal and informal structure for achieving area wide purposes are hopelessly difficult. Model analysis will show superior organizational forms for both formal and informal levels. The feasibility of such improvement, however, is a matter for further consideration of political and sociological factors that underlie and condition the practicability of any proposed change.

The metropolitan area presents all over the United States the question of the feasibility of the creation or emergence of a new political community. It raises quite sharply the question whether the needs that this emerging set of areal problems represent can produce leaderships, followerships and constitutions that will permit their being met by self-government. Or whether the limiting effect of existing institutions, symbolic rigidities and limitations of present leadership will compel piecemeal or general solutions imposed from above. Only careful study of leaderships, followerships, symbolism and emerging trends area by area can provide an answer.

It may be and certainly for the gigantic 200 mile metropolitan galaxy that Charleton Chute sees on the Atlantic seaboard no viable political community can be reconstructed that will support

a meaningful local government. However, if those are right who see in the metropolitan area a threat to the vitality of our present local government such reconstruction as is possible becomes urgent and important.

The reason that it is urgent and important is not that the service functions, transportation, sewage, water and the like could not be performed on an administered basis by state or federal government in a technically satisfactory manner. The two arguments for keeping these activities as near under local control as possible are first the argument for decentralization of power and second because local control permits more democratic participation.

Both of these arguments have their value. The first, however, is probably quite consistent with decentralization accomplished through such undemocratic institutions as the Port of New York Authority. The second is more germane to our problem. If the real menace of the metropolitanization of our country is less the mere problem of service headaches than the draining of vitality from local government then our desired solution is only partially the technical solution of service problems and quite as much the restoration of significant opportunities for local self-government.

While the reformers have been concerned with good government they have defined it technically as proficient administration. Doubtless some of them would prefer Plato's Republic were it possible. Walter Bluecher not long ago expressed some impatience with city democracy's wrong headed insistence in the use of motor cars rather than mass transportation. In this view, democracy would only have a right to make mistakes at the state or national level, below that the experts would take over.

The real problem is the degree to which one agrees with Jefferson and De Tocqueville that live, local democracies are essential to the health of national democracy and secondarily, whether or not this be so, whether and how much value one ascribes to local democracy. If the answer to either or both of these be in the affirmative then a major purpose in re-creating local government is to offer as a value to be achieved a significant possibility of controlling important affairs.

It would be too much to ask that students of local government should not only ponder Beard's advice to meditate Aristotle's Politics but even to thumb the Funeral Oration. Even the Apostle

spoke pridefully of himself as Paul of Tarsus, no mean city. Democracy is an aristocratic form of government that depends on self-selected and coopted elites to leaven the civic lump. The problem of staffing its leadership and maintaining its morale is unending. The three kinds of constitutional analysis that Sabine finds in Aristotle apply with particular force to the would-be metropolitan constitution maker, the legal constitution or the ordering of offices, the ethical constitution or the way of life and the socioeconomic constitution. Each of these needs to be related to the other. The socioeconomic constitution of the metropolitan area provides the limiting material framework and the ethnic and social organizational structure which is to a large extent given and determinative of what is possible. The ethical constitution is the way of life that gives a sense of shared ideal purpose to the community. It is the *City on a Hill* of Tom Johnson. The legal constitution is the ordering of offices that will give effect to the principle of justice implied in the way of life and made possible by the economic and sociological structure. In the sheerest Aristotelian terms the search for metropolitan government is the search for a potential metropolitan governing class, the institutions through which it can function and a set of ideal goals which it can embody and which will render its leadership legitimate in the eyes of the people. Local government theory needs to break with its meager tradition of clean government and tidy efficiency and recover a sense of the vitality of the city. It needs to draw from the wisdom and perspective of a comparative approach that sees each city as more than an example of strong mayor, weak mayor or manager government. It needs finally to grapple not only with American local government as a set of institutional facts but as a set of purposes to be meaningfully related to the larger purposes of American democracy as a whole. Despite the careful fiscal recommendations of the Kestnbaum Commission the latter task has scarcely been begun. Doubtless, however, should Woodrow Wilson return he would no longer find his colleagues sharing his belief that the short ballot is the sovereign remedy for the ills of local government. In this sense there has been progress.

THE LEGISLATIVE VETO REVISITED

Peter Schauffler

A COMMENDABLE article by Mr. Joseph Cooper¹ has summarized the experience and speculation to date concerning the so-called legislative veto mechanism in American Federal practice. Mr. Cooper has drawn effectively from the available writings and assembled a complex but compelling prescription for use and "structuring" of the device.

However the subject is so young and gawky that a first glance may be confusing. The present paper therefore attempts a hard second look—a concise presentation of the legislative veto scheme, a correction of some possible misimpressions, and (most important of all) a prediction.

THE LEGISLATIVE VETO SCHEME

Mechanically, the basic legislative veto arrangement involves the Congressional delegation of limited legislative powers to the President, with Presidential instruments under this authority taking effect as drawn unless rejected by a clearly defined and carefully timed vote in the Congress. The distinguishing features are *automatic cloture* and *freedom from amendment* in a prenatal review by the *whole* Congress of the specially prescribed actions of an *agent*, the President.

Politically and administratively, the arrangement permits positive and coherent action in the face of the uncertain goals, technical complexities, temporal pressures and parochial resistances that increasingly bedevil the Members of Congress.² Presidential measures that pass the Congressional test of general desirability take effect at just the time and in just the form that the President needs them.

Constitutionally, the arrangement concentrates the Congress

¹ "The Legislative Veto: Its Promise and Its Perils." *Public Policy: Yearbook of Public Administration*, Vol. VII, Harvard University, Cambridge, 1957, pp. 128-174.

² Arthur Maass and Lawrence Radway have aptly described the types of delegation required in the first two and the last of these situations, respectively, as "discretion in social planning," "technical discretion," and "discretion in reconciliation of interests." "Gauging Administrative Responsibility," *Public Administration Review*, 1949, p. 183.

in the highly appropriate function of general control—making public opinion, as Woodrow Wilson put it, “efficient without suffering it to be meddlesome.”³ In doing this it helps to strike the long sought “new balance” between the classical legislative and executive powers.⁴

So defined, the legislative veto mechanism takes a natural place in the scale of legislative instruments, occupying the emerging middle ground between the conventional acts of Congress and the legislative actions of executive agencies by outright delegation. Applied in this increasingly important area, concerned with the secondary or broadly implemental phase of law-giving, the mechanism enables the President to act with dispatch and coherence and at the same time permits the two houses to review these actions in terms of compliance with general Congressional intent.

Obversely, the mechanism cannot appropriately be applied to the basic problems of legislative policy (where its strictures upon the normally fluid and contemplative Congressional procedure would endanger the operation of representative government) or to the narrow problems of detailed administration (where the insertion of a case-by-case Congressional clearance would dissipate the energies of the Congress and disrupt the effective operation of executive responsibility).⁵ It can only be applied effectively to those questions on which the entire Congress can be expected to have an intelligent judgment—and to which the only necessary answer is a prompt yes or no.

The upper limit of the legislative middle ground is thus set by the need for effective Congressional control, and the lower limit by the need for positive Presidential action. Prudent observance of this upper limit requires two precautions: circumspection in the enabling act (setting forth clear guides and boundaries to the content of Presidential proposals), and careful case-by-case Congressional review (assuring that these proposals fit the established

³ “*A Study of Administration*,” *Political Science Quarterly*, 1941, p. 499.

⁴ See the pioneer work in this field: John Millert and Lindsay Rogers, “The Legislative Veto and The Reorganization Act of 1939,” *Public Administration Review*, 1940-41, p. 177.

⁵ As will be indicated (see note 68) the mechanism is also inappropriate for use in the specialized and highly legalistic problems of adjudication (where the flooding of the Capitol with a myriad of private cases would again interfere with the proper business of Congress and serve to deny the aggrieved parties a practicable “day in court”).

standards). Proper regard for the lower limit requires simply Congressional self-restraint.

Discerningly applied, as outlined above, the legislative veto mechanism can be a major element in the success of modern democratic government. Improperly used, it can diminish that government—eroding its representative resilience through Presidential assumption or sapping its executive vitality through Congressional bagatelle.

DETAILED COMMENTARY

This writer subscribes, understandably, to large portions of Cooper's paper. It has performed a valuable service in publicizing the actual and proposed uses of the legislative veto mechanism to date. While endorsing this ample history, however, it is necessary to qualify some features of his rationale.

Policy vs. Performance. In his able Constitutional analysis,⁶ Cooper emphasizes the difficulty of identifying "legislative" and "executive" functions in marking out the appropriate areas for use of the legislative veto.

... the distinction between legislative and executive functions, though valid in a relative and theoretical sense, cannot provide a criterion for delimitation which is widely applicable. For since the distinction is in essence one of degree resting on the importance of the decisions involved, functions 'properly legislative' or 'properly executive' in nature cannot be identified with surety in the vast majority of cases.⁷

Having thrown away this old but serviceable crutch, he proceeds to construct a pragmatic aid to navigation based on the distinction between "policy" and "performance." This exercise

⁶Pp. 132-138. This analysis would have been strengthened by giving due credit to the theory of agency which played such an important role in the debates leading up to the Reorganization Act of 1939. (See the historic floor presentation of Congressman Kniffen in 1938-83 Cong. Rec. 5004-11. See also Frederick M. Watkins, "The Problem of Constitutional Dictatorship," *Public Policy: Yearbook of the Graduate School of Public Administration*, Vol. I, Harvard University, 1940, p. 368, and Millett and Rogers, note 4, pp. 179-80.)

⁷Note 1, p. 135.

Cooper (p. 136) refers to the *Yakus* case as distinguishing between division of "powers" and division of "functions"—a distinction susceptible of overemphasis, since it can be observed (as Webster does—*New International*, 2nd Edition, p. 1019) that a function is simply "the natural or characteristic action of any power." Cooper in fact slurs over the distinction by immediately referring to executive "action" (implying, I believe, *Presidential* action rather than action that is "executive" in the functional sense).

runs into the same semantic dilemma, however, of distinguishing between the general and the specific. Cooper demonstrates this difficulty by indicating, at one point that legislative veto control should be "confined within the realm of broad policy and general administrative performance"⁸ and, nine pages later, that (with "some exceptions") the legislative veto "should not be employed to check administrative performance."⁹

Cooper attempts to fight his way out of this terminological morass with the aid of a metaphysical concept of "detail";¹⁰ but he comes back to the hard reality that "the answer is not clear-cut."¹¹ Twist and writhe as we will, the distinction in law-giving between the general and the specific (call it legislation and execution, policy and performance, or what have you) is a matter of degree, of smooth progression along a continuum.¹² Our problem is not to find a point of transition which logically separates "legislative" and "executive" functions but to identify a zone (we have used the rough term "middle ground") within which the President and Congress can cooperate practically to perform those functions for which they are organically best equipped.¹³

Variations. Having established a rigid definition of the legisla-

⁸ P. 149—Italics added. Further illustrating the semantic problem, Cooper six pages later refers to the appropriateness of legislative veto use in policy areas which are "broad but not too broad."

⁹ P. 157. At another point he confirms this by observing that "the veto is not well adapted for use in the field of performance." (p. 156)

¹⁰ "... the veto must be formulated in such a way as to emphasize broad policy and performance, not detail." (p. 164)

¹¹ Pp. 149-152. At another point he concedes that "it is . . . desirable in performance as well as in policy to approach proposals for veto review individually and pragmatically." (p. 158)

¹² See Charles H. Wilson, "The Separation of Powers Under Democracy and Fascism," *Political Science Quarterly*, 1937, pp. 481 ff.

Maass and Radway observe: "As an absolute form, any . . . distinction between politics (the making of policy) and administration (the execution of policy) is unrealistic and leads to incomplete, if not incorrect, analyses of the conduct of responsible government." And they conclude that politics and administration, rather than being mutually exclusive, are "two closely linked aspects of the same process." (Note 2, p. 183)

¹³ This point is well made by Robert W. Ginnane. "Perhaps as a matter of political science we could say that Congress should only concern itself with broad principles of policy and leave their application in particular cases to the executive branch. But no such rule can be found in the Constitution itself or in legislative practice. It is fruitless, therefore, to try to draw any sharp and logical line between legislative and executive functions. Characteristically, the draftsmen of 1787 did not even attempt doctrinaire definitions, but placed their reliance in the mechanics of the Constitution. . . . It is in such checks upon powers, rather than in the classification of powers, that our governmental system finds equilibrium." "The Control of Federal Administration by Con-

tive veto mechanism, it is appropriate to examine how this definition can be softened in practice. The aim is to increase the flexibility of the device, providing a graduated scale of veto mechanisms to deal with legislative decisions of various magnitudes.

In fashioning the right formula for a given set of control requirements, there are three basic parameters: (a) ratification procedure; (b) amendability; and (c) waiting period and these can be discussed in order.¹⁴

(a) The possible variations in ratification procedure proceed from the choice between 1-house and 2-house veto action and between ordinary and extraordinary majority requirements in the vote. A vast range of combinations is possible here, running all the way from a simple laying requirement (veto only by ordinary legislation, subject to Presidential veto) to approval by absolute unanimity (veto by as little as a single abstention in either house).¹⁵

Practically, Cooper's summary prescription of four standard modes (simple laying requirement, 2-house and 1-house vetoes, the last with either a constitutional or simple majority vote) is realistic.¹⁶ He fails, however, to indicate that the 1-house veto

gressional Resolutions and Committees," *Harvard Law Review*, February 1953, p. 571.

Cooper gets tangled in one such "doctrinaire definition" when he states: "no one has ever argued that the appropriations process vested executive functions in the Congress." (p. 137) Several experienced scholars have argued just exactly this. (See, for instance: Harold D. Smith, *The Management of Your Government*, (New York, 1945), pp. 82-99; Leonard D. White in *New Horizons in Public Administration*, (University of Alabama, 1945), pp. 7-8; and Millett and Rogers, note 4, p. 177.) The strong current interest in "program budgeting" is, perhaps more than everything else, a reflection of the desire to eliminate this "executive" feature of Congressional appropriations actions.

¹⁴ Cooper's rule of thumb classification (p. 162) does not do full justice to the subtleties in the available degrees of control. In general, his paper oversimplifies the first of these independent variables, underplays the second, and ignores the third.

¹⁵ An intriguing variant, proposed at one point in the conference committee action on the Reorganization Act of 1949 (H.R. 2361, 81st Congress), provided for reorganization plan rejection by either a simple majority vote in both houses or a two-thirds vote in one house. (Ferrel Heady, "The Reorganization Act of 1949," *Public Administration Review*, 1949, p. 172.)

¹⁶ P. 162. This pattern is drawn, perhaps unconsciously, from the variants that have been applied so far in reorganization acts (specifically, and in the order listed: the 1933 Economy Act, the 1939 and 1945 Reorganization Acts, the 1949 Reorganization Act and the 1932 Economy Act).

Cooper's strong recommendation against vesting the veto in the *Committees*

system has the very important practical effect of concentrating attention upon the Senate.¹⁷

He also seriously misrepresents the veto significance of "affirmative approval" by stating that "it comes as no improvement over the regular legislative process because it in no way more effectively limits the power of the entrenched minorities."¹⁸ This overlooks the fact that veto system proposals embodying the requirement of affirmative Congressional action have customarily specified a time limit for a vote on the question.¹⁹ Under these conditions, the affirmative approval requirement differs from 1-house negation only in that the plan may be hampered by a

of Congress (pp. 137 and 158) is warranted. Ginnane has stated the Constitutional objection. (note 13, pp. 605 and 608: "The arguments against the validity of statutory provisions vesting in legislative committees the power to approve or disapprove proposed actions of executive officers... seem to be overwhelming.")

From a practical standpoint, the committee-action veto actually conduces to the parochialism (independent conviviality between private interest groups, executive bureaus, and Congressional committees) which the legislative veto system is intended to control. (See Ernest S. Griffith, "The Changing Pattern of Public Policy Formation," *American Political Science Review*, 1944, p. 455, on this problem of "government by whirlpool.")

Cooper's preference, however, for review of Presidential proposals by "regular specialized committees" rather than general committees with broad screening responsibilities (p. 159-footnote) can be questioned. Experience in reorganization indicates that the opposition to the President's plans was felt most strongly by the ranking members of the substantive or legislative committees, that there was ample opportunity for this feeling to be expressed in the standard hearings before the Committees on Government Operations (Expenditures in the Executive Departments), and that (except for the vagaries of personality in two key positions on these committees) the objectivity and adequacy of the committee review and recommendation to each house was enhanced by this uniform procedure. (See, in particular, the history of plans Nos. 1 and 7 of 1949, Nos. 1, 4, 7, 11, 12, 24, 26 and 27 of 1950, No. 1 of 1951, and Nos. 1-4 of 1952.)

¹⁷ Faced with the alternative recourses of mustering up to 49 opposition votes in the Senate or up to 218 in the House, the opponents of a Presidential proposal will tend quite naturally toward the first. This is clearly indicated by the history of the 41 reorganization plans transmitted to Congress under the 1949 Act. The Senate voted on 21 of these and rejected 10. The House voted on only 7 and rejected only 1.

¹⁸ P. 160. And at another point on the same page: "Practically, there is no difference between regular legislative action on a Presidential recommendation and affirmative approval under the veto device."

¹⁹ See, for instance, the crucial Wheeler Amendments in 1938 and 1939 (83 Cong. Rec. 3644 and 84 Cong. Rec. 2957) and the Hoffman Amendment in 1949 (95 Cong. Rec. 923). The Wheeler Amendments even set forth a procedure for privileged consideration which, although not as detailed as the now standard "ironclad antifilibuster rule" initiated in the 1939 Reorganization Act (53 Stat. 561-5), seemed fully adequate to assure a vote on the resolution of approval.

possible slight human preference for negative action.²⁰ And even without a rigidly timed vote, the affirmative approval veto system contrasts markedly with ordinary legislation in the basic and very important feature of freedom from amendment.

(b) This feature of nonamendability need not be taken, however, as an immutable axiom.²¹

Holding the feature of ratification procedure constant for the movement and examining the possibilities for limited amendment, they appear to be three:²²

(1) "Separate packaging"—the restriction of individual Presidential proposals to a single question requiring Congressional decision²³ or, more broadly, the provision of a Congressional "item veto." In the first approach, the range of permissibility in the enabling act must be defined in *functional* or *process* as well as *area* terms in order not to rule out Presidential proposals aimed at reforming government-wide systems. The second approach runs the risk of selective Congressional truncation of Presidential proposals to a point where the mutilated remainder departs completely from the original intent. Both these "amendment" devices are deficient in their inability to correct for Presidential sins of *omission*.

(2) Provision of a system whereby Congress can suggest

²⁰ This phenomenon, if actually an appreciable factor, probably stems from a basically conservative inclination to exercise caution in the face of uncertainty. (See note 4, pp. 181-2 and 189.)

²¹ Mr. Charles B. Stauffacher, Director of the then Division of Administrative Management in the U.S. Bureau of the Budget, first raised this point in 1949. "... it may be that if you allowed some flexibility you will, in effect, have destroyed the major usefulness of the legislative veto idea—which is that of placing the initiative in the hands of the executive. However, some relaxation within limits . . . might be possible which would make the technique a bit more palatable and aid in its application to other areas of government." (letter of September 9 to the author)

Cooper seems to equivocate on this point: "... the exigencies of balanced and integrated policy require that executive proposals made under the veto device should not be subject to amendment."

"Nevertheless, ways of softening non-amendability should be explored in order to make the veto more flexible." (p. 161)

The latter paragraph is borrowed almost verbatim from the author (note 50, p. 63).

²² Cooper refers to only the first. (p. 161)

²³ The large number of reorganization plans under the 1949 Act (see note 17), in comparison with the much smaller numbers under the 1939 and 1945 Acts (5 and 7, respectively), reflects Mr. Truman's informal but largely successful attempt at compliance with a House bill provision and a Senate Committee "urging" that the President "transmit reorganization plans which contain only related reorganizations." (Senate Report 232, 81st Congress, p. 14)

changes in the Presidential proposals which it considers undesirable. The Congressional recommendation for improvement can be written into the resolution of disapproval; and the President can choose between accepting the recommendation (thereby presumably assuring the success of the second proposal) or, considering it unacceptable, either resubmitting the proposal in its original form or forgetting about the whole thing.²⁴ This system retains Presidential control over the detailed content of successful plans; but it is cumbersome and, like the item veto, might incline the Congress toward a preoccupation with detail rather than a general appraisal of the proposal on its total merits. Both techniques tend to place the Congress and the President at the mercy of overweening committees.

(3) Presidential transmission of either a range of proposals (from which the Congress can select one) or a clear indication of what alternatives he will resort to if the Congress rejects his first proposal.²⁵ This arrangement gives the Congress some latitude but makes it likely that the successful proposal will be something other than the "best" from the President's standpoint.

Some of these devices for introducing limited amendability in

²⁴ This system was incorporated in the Senate version of the 1945 Reorganization Act (Senate Report No. 638, 79th Congress, p. 6, and 91 Cong. Rec. 10571) but was deleted in conference. It was suggested again in a Senate amendment to the ill-fated Emergency Reorganization Act of 1951 (97 Cong. Rec. 948).

The informal operation of such a system was seen in the case of Reorganization Plans No. 1 of 1946 and No. 3 of 1947 (established a permanent housing agency—House Doc. No. 594, 79th Congress, and No. 270, 80th Congress), Plans No. 2 of 1947 and No. 1 of 1948 (dealing with placement and unemployment compensation functions—House Doc. No. 231 and No. 499, 80th Congress), Plans No. 1 of 1949 and No. 27 of 1950 (establishing a department of welfare—House Doc. No. 222 and No. 610, 81st Congress), and Plans No. 1 and 26 of 1950 (centralizing functions in the Secretary of the Treasury—House Doc. No. 504 and No. 609, 81st Congress). In the 2nd and 3rd of these instances the "amended" version was roundly rejected by the Congress (94 Cong. Rec. 2921 and 96 Cong. Rec. 9858); but in the 1st and last cases the system seemed to work quite well (93 Cong. Rec. 9669 and Senate Report No. 1869, 81st Congress).

²⁵ An illustration of the former technique was seen in the Reapportionment Act of 1929 (46 Stat. 26) which directed the President to submit to Congress after each decennial census a calculation of the number of representatives to which each state was entitled by each of three reapportionment formulas (with a statutory total of 435). If the Congress failed to pass an apportionment bill during the ensuing session (in effect, making a selection between the three formulas), the figures from the formula last used automatically took effect. In 1941 the procedure was changed to provide for the use of a single formula (55 Stat. 761). (See *Yale Law Journal*, July, 1949, pp. 1360-86, and note 4, p. 170.)

the legislative veto mechanism can be useful in increasing its versatility. Their use should not be carried to the point, however, where it interferes with one of the basic legislative veto features, the administrative *coherence* of the successful proposal.

(c) The final possibility for variation in the form of the legislative veto involves the length of the waiting period; and this should be determined by the (1) seriousness and (2) urgency of the problem area and by the amount of Congressional time accordingly (1) needed and (2) available for proper review of Presidential proposals.

Taking their pattern from a little-known resolution in 1932,²⁰ reorganization acts have invariably specified a 60-day laying period. This standard time limit, including a 10-day period of committee deliberation prior to the entertainment of a privileged

²⁰S.J. Res. 76 and Senate Report No. 157, 72nd Congress.

In his First Annual Message to Congress 3 years earlier, President Hoover had suggested the general outlines of a legislative veto system for use in reorganization—contemplating Presidential proposals, but “with the reservation of power of revision by Congress within some limited period adequate for its consideration.” (72 Cong. Rec. 27)

In February of 1932, 2 weeks after Senator George’s Finance Committee had reported the above reorganization resolution with a 60-day disapproval period amendment, President Hoover sent a special message to Congress requesting authority to reorganize by executive order—“such Executive order to lie before the Congress for 60 days during sessions thereof before becoming effective, but becoming effective at the end of such period unless the Congress shall request suspension of action.” (House Doc. No. 254, 72nd Congress)

The reorganization legislation finally enacted in June of 1932 (Title IV of The Economy Act—47 Stat. 382-419) incorporated the 60-day laying period (permitting disapproval during this period by a resolution of either house) and provided that Congressional adjournment before its expiration would automatically result in the commencement of a new 60-day period at the outset of the next session.

An amendment to the succeeding reorganization act in 1933 (47 Stat. 1517-20 and 48 Stat. 16) provided that reorganization orders transmitted to Congress while in session would (unless disapproved) take effect after 60 days regardless of any intervening adjournment. Cooper (p. 165) rightfully criticizes this arrangement as prejudicing the vital legislative veto safety feature of adequate Congressional review. (He fails to note, however, that upon the registering of Congressional objections to a reorganization order transmitted to Congress shortly before its adjournment in 1933, President Roosevelt deferred the effective date of the offending section until 60 days after the start of the next session and then, before the expiration of this period, cancelled the section entirely—E.O. 6166 (Sec. 18), E.O. 6221 and E.O. 6586.) Suggesting that this abbreviated procedure was simply a depression-emergency measure, the 1939 and succeeding reorganization acts returned to the 1932 Congress-in-session waiting period requirement.

The only other change in this 60-day pattern has been the requirement, commencing in the 1945 Act, that the waiting period must be extended by any recess (adjournment “to a day certain”) of more than 3 days by either house.

discharge motion, represents an accepted compromise between the demands of dispatch and deliberation in reorganization procedure; but departures in both directions have been proposed to meet particular situations.

Worried about the possibility that Congressional review of reorganization plans might be hampered by the end-of-session rush, Congressman Hoffman proposed in 1949 that the President be given a reorganization plan submission deadline of 90 days before the end of the session.²⁷ Senator George went even further in suggesting, this same year, that the Congress be given "a longer time in which to consider the proposals"—specifically, that plans be transmitted only during the early months of the session (repeating the 90-days-from-adjournment deadline) and that the Congress have *the remainder of the session* in which to make up its mind.²⁸

Neither these nor any other proposed enlargements of the 60-day rule in reorganization procedure have been taken really seriously, however, and so the present prescription is apparently regarded as fulfilling the criterion of Congressional security.

Going in the other direction, the so-called emergency reorganization procedure proposed for dealing with the structural problems of the Korean War contemplated an abbreviated laying period. In response to the President's request in late 1950 for

²⁷ Hearings before the House Committee on Expenditures in the Executive Departments on H.R. 1569, 81st Congress, pp. 28 ff. Involved here was not a change in the length of the laying period but a scheduling of that period so that its 60 days would be fully effective for review purposes.

²⁸ Hearings before the Senate Committee on Expenditures in the Executive Departments on S. 526, 81st Congress, pp. 102-3. A specific instance of Congressional discomfort was seen in March of 1950 when the President transmitted a total of 21 reorganization plans in one batch. The Counsel of the House Expenditures Committee described this action to the author as a Presidential attempt to "snow the Congress under." Chairman McClellan of the Senate Expenditures Committee, in subsequently apologizing for reporting 4 disapproval resolutions without recommendation, stated that "we simply did not have time to give the resolutions the further deliberations we felt they should have." (96 Cong. Rec. 7172)

These objections, however, are open to argument. The first 1950 batch looked big because the President was attempting to accommodate the expressed Congressional preference for "separate packaging" (see note 23). What would have been material for two or three omnibus plans according to the packaging practice under the 1939 and 1945 Reorganization Acts was now broken down into an impressive array of discrete single-purpose plans. Furthermore, the Senator is known to be a perfectionist in the art of "deliberation"; and it is unlikely that any combination of sequence and content (as long as it involved some substance) would have met with his complete approval.

outright delegation of power to reorganize defense activities,²⁹ Senator McClellan introduced a bill in early 1951 aimed at adding a temporary new title to the Reorganization Act of 1949 reducing the laying period for "emergency" reorganization plans (dealing only with defense functions) to 15 days.³⁰ In the hearings on this legislation, the Budget Director argued that even this shortened laying time requirement would be awkward from the President's standpoint;³¹ and in reporting, the Committee obliged by recommending reduction of the "emergency" laying period to 12 days.³² On the floor, Senator Bricker offered an amendment increasing this period to 30 days to permit more careful Congressional review; the Committee accepted a compromise of 18 days, and the bill as amended was approved by voice vote.³³ The House version started out with a 15-day requirement.³⁴ Again the Budget Director recommended that the period be shortened, and this became the main issue of the hearings.³⁵ Congresswoman Church began to worry about the disruptive effect of long weekends in a tight schedule for Congressional review action; and with some arithmetic coaching by Senator McClellan, the House Committee ended up by recommending

²⁹ S. 4264, 81st Congress. This Bill was designed to reactivate the provisions of the First War Powers Act of 1941 (55 Stat. 838) which, expanding the precedent of the World War I Overman Act (40 Stat. 556), permitted the President to reorganize defense functions temporarily without Congressional clearance.

³⁰ S. 101, 82nd Congress. The permissible scope of plans in this category was broadened beyond the peacetime boundaries (creation, transfer, and abolition of agencies—transfer and abolition of functions) through extensions in inter-agency cooperation and relaxation of the appointment procedure; but the new power was set to expire in 18 months or "on the termination of the national emergency," and thereupon all agencies and functions affected thereby were to revert to their prior status.

³¹ Hearings before the Senate Committee on Expenditures in the Executive Departments on S. 4264 and S. 4266, 81st Congress, and S. 101, 82nd Congress, pp. 49-51.

³² Senate Report No. 42, 82nd Congress. This period, taking into account the reservation of 10 days for Committee deliberation, was described in the report as the irreducible minimum.

³³ 97 Cong. Rec. 948-9.

³⁴ The provision was changed from "legislative" to calendar days after it was pointed out that "the legislative day in the Senate is very indeterminate in length." The Budget Director observed: "I remember one that lasted several months." (House Expenditures Committee Hearings on H.R. 1545, 82nd Congress, pp. 10-12.)

³⁵ As Chairman Holifield put it: "What we want to do is determine the number of days which will actually apply. Once we determine that, I think we can go ahead and proceed." (p. 30)

an 18-day laying period.³⁶ On the House floor, in an increasingly skeptical atmosphere, the laying period requirement was increased to 25 days; and then the entire emergency reorganization bill was killed by a vote of 227 to 170.³⁷

Again, this time in the face of pleas for "faster action," the Congress had evidenced a resounding fondness for the 60-day waiting period in reorganization procedure, and had demonstrated thereby its feeling that this prescription adequately meets the criterion of Presidential positivity.

In the areas other than reorganization, however, there has been considerable variation in the length of the legislative veto laying period.

The clearance procedure established in 1929 and 1940 for Supreme Court amendments to the civil and criminal rules, for instance, requires that they lie before Congress for a *full session*, subject to veto by joint resolution.³⁸ Several bills introduced in 1947 and 1949 to provide for comprehensive river basin development stipulated *90 or 120 day* laying periods for Congressional review of the resulting "plans,"³⁹ with veto by joint or concurrent resolution. A number of bills proposed by Senator Kefauver from 1948 to 1951 provided for "home rule" of the District of Columbia by means of "legislative proposals" enacted by a District Council and taking affect automatically after laying before the Congress for *45 days*, if not disapproved by concurrent resolution.⁴⁰

³⁶ House Report No. 187, 82nd Congress. This total allowed 3 days for introducing a disapproval resolution, 14 days (10 days plus a long weekend) for committee action or discharge, and a day (10 hours, equally divided) for floor debate.

³⁷ 97 Cong. Rec. 2330. The debate displayed substantial Congressional uncertainty as to just exactly what emergency reorganizations the President had in mind. The President's staff had not been able to provide a convincing answer; and the Congressional bewilderment was only aggravated by the President's relaxed attitude on vacation in Key West at the time of the vote.

There was probably the further Congressional feeling that the major needs for emergency reorganization could be met simply by executive or departmental orders under the terms of the Defense Production Act of 1950 (which vested the basic defense functions directly in the President for assignment as he saw fit—64 Stat. 798-823) and Reorganization Plans 2-6 and 26 of 1950 (which consolidated the functions of most of the major departments in the secretaries for reorganization at their discretion—House Docs. Nos. 503, 504 and 609, 81st Congress).

³⁸ 28 U.S.C. §2072 and 18 U.S.C. §3771.

³⁹ See below, note 85.

⁴⁰ The first such bill was S. 1968, 80th Congress and the last was S. 656, 82nd

An Amendment offered by Senator Morse to a National Labor Relations bill in 1949 provided for governmental seizure and operation of major strike-bound plants if a Presidential recommendation to the Congress of such action was not disapproved by concurrent resolution within 10 days.⁴¹ The Senator tried again the following year in a bill amending the Taft-Hartley Act, but providing a waiting period of only 5 days prior to seizure.⁴² In 1952 he reintroduced this measure to deal with the current steel strike; and he also offered an amendment to the Defense Production Act with the same effect except that seizure could take place *immediately* upon the President's recommendation, subject to Congressional annulment by concurrent resolution within 10 days.⁴³ None of these measures was accepted.

This history shows the flexibility of the timing parameter in shaping a legislative veto mechanism to meet the particular sensitivity of any control problem. In effective future use of the device, full recourse should be had to this available freedom in choice of laying period.

Surplus Rubber. Cooper displays a fatal fascination for two particular instances of legislative veto use: The Surplus Property Act of 1944 and the Rubber Producing Facilities Act of 1953.⁴⁴ These statutes provide for Government sale of various categories of surplus plants only after "reports" describing the proposed disposals have been prepared by specially constituted boards and laid before Congress for a stated period.

This fixation⁴⁵ seems curious, since neither of these uses fits comfortably into the model role he attempts to depict for the legislative veto. At one point, in fact, he himself refers to this latter statute as a lone example of the "exceptions" to his general (and sound) rule that "the veto should not be used to check administrative performance."⁴⁶

Congress. A bill introduced by Senators Kefauver and Case in 1952 (S. 1976) omitted this clearance requirement.

⁴¹ 95 Cong. Rec. 7716. The amendment provided for convening the Congress if it was not in session and stipulated that the Government's possession could not continue for more than 90 days unless extended by concurrent resolution.

⁴² S. 3169, 81st Congress.

⁴³ 98 Cong. Rec. 7009—see note 37.

⁴⁴ 58 Stat. 774 and 67 Stat. 408, respectively.

⁴⁵ Cooper fondly refers to one or the other of these examples at the beginning and end of his paper and at no less than 21 places in between—two-thirds of the time in glowing terms.

⁴⁶ p. 57. See above, note 9.

The repetitive reasoning underlying Cooper's praise of these two veto applications turns on the question of appropriate Congressional control. He is apparently assuming that since the executive's action is final upon consummation of a plant sale, the only effective Congressional check is through an item-by-item screening of this action in terms of compliance with a very general set of Congressional criteria—described at various points as anti-monopoly policy and assurance of fair return to the Government.⁴⁷

But the Congress is not conspicuously well qualified as a judge on either of these points. Industry structure and facilities costing are difficult subjects for the "non-expert." They are, in fact, almost opaque to "the insights and sensitivities of the non-technical mind"—using the terms with which Cooper characterizes the appropriate Congressional contribution.⁴⁸ To the extent that the Congress does have a sound judgment on these subjects; this can best be expressed in the form of broad guides in the enabling act. To inject the Congress into further detail (by vesting it with a case-by-case veto of the executive's action within these guides) is to give it a job it cannot do well, and should not attempt to do at all. Technical decisions on the implementation of this intricate program cannot be made intelligently by the entire Congress; and loading the Congress with this burden can only confound the President's measures by subjecting them to the undisciplined whimsy of committee action, the very condition that the legislative veto was designed to cure.⁴⁹

To answer Cooper's point, then: saying that some major Presidential actions in this area are inadequately controlled is no

⁴⁷ pp. 154, 157 (footnote), 158, 165 and 169.

As will be mentioned (see below, note 50), the legislative veto mechanism presents a highly appropriate procedure by which the Congress can effectively review *integral* "plans" of proposed Presidential action in program areas needing exploration. In such cases, the President's proposals are broadly implementary, and the Congressional judgment is properly brought to bear.

In both the instant cases, however, it seems clear that the "reports" on surplus plant disposal were considered as subject to a detailed or plant-by-plant review. The Rubber Facilities Act specifically encourages item deletions from a proposed disposal program. The Surplus Property Act suggests partial action by referring to the possible proposal of "additional reports." The existence of some dissatisfaction with this latter procedure might be assumed from the fact that the reporting requirement was specifically repealed in 1949 (63 Stat. 385).

⁴⁸ p. 140.

⁴⁹ See note 16.

more than saying that wars are undesirable. The remedy does not lie in automatically reaching for the legislative veto.

The veto can help only on those subjects where the entire Congress can be expected to have an informed judgment. On other subjects, improved control should be sought through careful statement of criteria in the enabling act and assurance of suitable qualifications in the implementing officer or board. From their character, these two surplus plant disposal problems fall in this latter category—and Cooper's strenuous attempt to advance them as prime illustrations of proper legislative veto use seems unfortunate.

Miscellany. Several incidental points in Cooper's presentation need correction or clarification. Two of these can be mentioned here.

(a) Borrowing an analysis, Cooper refers to Section 7(b) of the Atomic Energy Act of 1946⁶⁰ as "perhaps the best illustration

⁶⁰ 60 Stat. 764ff. "Whenever in its opinion any industrial, commercial or other non-military use of fissionable material or atomic energy has been sufficiently developed to be of practical value, the [Atomic Energy] Commission shall prepare a report to the President stating all the facts with respect to such use, the Commission's estimate of the social, political, economic, and international effects of such use and the Commission's recommendations for necessary or desirable supplemental legislation. The President shall then transmit the report to the Congress together with his recommendations. No license for any manufacture, production, export, or use shall be issued by the Commission under this section until after (1) a report with respect to such manufacture, production, export, or use has been filed with the Congress; and (2) a period of ninety days in which the Congress was in session has elapsed after the report has been so filed. In computing such period of ninety days, there shall be excluded the days in which either House is not in session because of an adjournment of more than three days."

In a doctoral dissertation prepared in 1953, the author classified this legislative veto application as an example of Congressional control over administrative rules—since the "report" submitted to Congress would (unless vetoed) constitute a published pattern of the policy guiding the Commission in its subsequent issuance of licenses. "Where the field is not clearly understood, . . . and where the guides to rule-making must be stated very broadly, the legislative veto mechanism may be extremely useful in permitting the Congress to entrust the job of detailed exploration to a competent administrative agency and at the same time retain a sensitive control over its progress." And referring specifically to the atomic energy field: "Here not only the rate of progress but the long-term goal itself are highly conjectural; and here, furthermore, the technical complexities of the subject matter are enormous." The dissertation quoted at length from James R. Newman, Special Counsel of the Senate Special Committee on Atomic Energy, in substantiation of this point. (*A Study of the Legislative Veto*, Harvard University, pp. 883 and 887-9, respectively.)

It should be noted that here, in contrast with the Surplus Property and Rubber Facilities Acts (see note 47), the Congress is asked to review not the individual actions of the executive (granting of licenses—where the entire

of the way the veto can be applied advantageously to fields where clear standards cannot be set."⁵¹ But he fails to point out, as a very important historical commentary on this "best illustration," that the Atomic Energy Commission (with general encouragement from the Congress) refused to avail itself of this procedure at an appropriate juncture in 1953 and 1954 and resorted instead to the preparation of regular legislation attempting to deal with the private uses of atomic energy.

The justification advanced for this failure was that these future uses were still too indefinite to be "estimated" (in terms of "effects") in a formal "report"; but the ability of the Commission to draft detailed legislation (and the ability of Congress to act upon it intelligently) would seem to be even more severely handicapped by this uncertainty.

Here was a case in which the Congress, having provided a legislative veto system for the control of a highly charged, fast-developing and complicated area of public policy, yielded to the very pressures which argued for the use of this system (pressures channeled, ironically, through its public agent, the Atomic Energy Commission) and dealt with the area instead by conventional legislation.⁵²

This brief account demonstrates that it is not sufficient simply to write good legislative veto language in an enabling act—that effective operation of the system demands strong Presidential leadership not only in securing the basic legislation but (equally

Congress could not be expected to have an intelligent judgment on the technical, legal and financial details) but rather a broad analysis and Presidential recommendation as to the general consequences ("social, political, economic, and international effects") of this licensing program. Cooper (p. 164) declines to recognize this important difference.

⁵¹ p. 167.

⁵² 68 Stat. 919. Behind the abandonment of the legislative veto procedure lay an insistence, by the firms developing this new industry, that the government embark upon a broad subsidization program through purchase commitments for fission by-products. The Atomic Energy Commission (voicing this insistence) argued that such a program implied a change in substantive law and could not be achieved through the legislative veto system. (See Hearings before Joint Committee on Atomic Energy—*Atomic Power Development and Private Enterprise*—83rd Congress, pp. 42, 44, 46, 169, 234, 355, 364, 493, 564 and 621-34.) This argument overlooked the fact that Section 7(b) contemplated the possibility of "supplemental legislation" (see note 50) which could presumably have provided a support formula as the licensing program proceeded. (This point was confirmed in several conversations between the author and James R. Newman during the spring of 1953.)

importantly) in vigorously applying the system at the appropriate times.⁵³

And this is a vital point which Cooper's paper seems to miss completely. He speaks convincingly of the veto's "crowning achievement" as being "the institutionalization of executive leadership";⁵⁴ but he fails to observe that it is only a necessary rather than a sufficient condition of such leadership. The power struggle has not been settled, the "new balance" fixed,⁵⁵ when the ink dries on the enabling act. In the subsequent history of seizure or abdication of opportunity lie some of the most pungent lessons of the legislative veto.

(b) Cooper painfully oversimplifies the relationship of the legislative veto system to the role of the Independent Regulatory Commissions. This intricate and fascinating subject is lightly dismissed in a footnote, with the strong implication that these venerable agencies serve mainly to "obstruct the executive"⁵⁶ and that they would never have been born at all if the veto had been invented in time.

The subject cannot be dissected here.⁵⁷ Suffice it to say (1) that regulatory agencies are going to be with us for a long time (the legal profession being what it is) and (2) that they perform some functions inappropriate for treatment by the legislative

⁵³ The failure of the President's Executive Office to provide effective guidance in this action could be explained in part by the recent change of administration and an anomalous administrative arrangement by which the Chairman of the Atomic Energy Commission also served as the President's Special Assistant on Atomic Energy—passing judgment on his own actions as Commission Chairman. A broader explanation, however, lay in the new and passive concept of Presidential leadership which seemed to characterize the White House, commencing in 1953. This same inertness could be chronicled in the contents of the President's reorganization program since 1953—in contrast with the history of the previous four years under an identical enabling act. Going further than a failure to capitalize on opportunity, this limp Presidential attitude almost resulted in the emasculation of this act in the process of renewal in 1953. (See Hearings before House Committee on Government Operations on H.R. 1979, 83rd Congress, *New York Times* editorial of January 28, 1953, and Columnist Gould Lincoln in the *Evening Star*, January 31, 1953.)

⁵⁴ p. 170.

⁵⁵ See above, note 4.

⁵⁶ p. 171.

⁵⁷ See: James M. Landis, *The Administrative Process* (New Haven, 1938); *The Report of the Attorney General's Committee on Administrative Procedure* (Senate Doc. No. 8, 77th Congress); Roland J. Pennock, *Administration and the Rule of Law* (New York, 1941); and Robert E. Cushman's monumental work—*The Independent Regulatory Commissions* (New York, 1941).

veto process.⁵⁸ The practical legislative veto question then becomes (3) how to live with these agencies rather than how to supplant them.

(1) There have been several different attempts to reduce the "irresponsibility" of the independent regulatory commissions. The departmental "housekeeping" principle recommended by the President's Committee on Administrative Management⁵⁹ was applied with modest success to the Civil Aeronautics Board in 1940;⁶⁰ the "internal separation" of the adjudicative function suggested by the Attorney General's Committee (together with a much-needed standardization of procedure) was carried out with equally modest success for all commissions and the regular departments in the Administrative Procedures Act of 1946;⁶¹ and the responsibility of commission chairmen for the executive operations of their agencies was somewhat clarified by Reorganization Plans Nos. 7-13 of 1950.⁶²

But all these efforts were predicated upon preserving the independence of the legislative and adjudicative aspects of regulation as performed by these bodies—and with a widely accepted if not completely convincing rationale: particular regulatory responsibilities often cannot be fitted neatly into the jurisdictions of existing departments; this strongly discretionary activity, bearing directly on private rights, should be insulated from political factionalism;⁶³ and the executive branch should not be enlarged at the expense of the legislature and judiciary.⁶⁴

⁵⁸ James W. Fesler defines the process of "regulation" as "governmental circumscribing of the range of permissible conduct of individuals and groups," with the components of rule-making (legislation) case-by-case decisions (adjudication) and inspection or enforcement (execution). (Chap. 10, p. 207ff., in *Elements of Public Administration*, Fritz Morstein-Marx, Ed., New York, 1946.)

⁵⁹ *Report*, Washington, G.P.O., 1937, p. 37-8. Cooper's reference (see note 56) omits the constructive or prescriptive features of this analysis.

⁶⁰ Reorganization Plan. No. IV. (House Doc. No. 692, 76th Congress).

⁶¹ 60 Stat. 237 (See note 57).

⁶² House Docs. Nos. 503 and 504, 81st Congress. The word "somewhat" is necessary here because Plans Nos. 7, 11 and 12 (dealing with the Interstate Commerce Commission, Federal Communications Commission, and National Labor Relations Board) were disapproved (96 Cong. Rec. 7173, 7177, and 6886, respectively). (See note 16.)

⁶³ This consideration has given the commissions their characteristic structural features: multiheadness, long and staggered terms, and mixed representation (including bipartisanship) in appointments.

⁶⁴ These arguments, and their volatile value associations, are crucial in deciding on assignment of a regulatory function to an independent commission

Whatever the esoteric demerits of these arguments, they have broad public plausibility in our present state of political maturity;⁶⁵ and with their backing, the independent regulatory commissions give every indication of stubborn staying power.

(2) Preferring not to consider functions as "properly" falling in the classical categories of legislative, executive and judicial, Cooper denies himself a very useful generalization regarding the legislative veto device—namely, that it should not be applied to matters of adjudication.

By this term, we mean simply the interpretation of broad policies (against a background of community values) by enunciating the rights and obligations of individuals in specific circumstances. And by the nature of its composition and the elementary separation-of-powers principle that a law-giving body must not sit in judgment on its own actions,⁶⁶ Congress cannot adequately perform this function.⁶⁷

rather than an executive department. This intriguing structural question is peripheral to the legislative veto province, however, and need not concern us here.

⁶⁵ Putting this another way, these arguments are potent in the preservation of a parochial (even anarchical) administrative organization (nourished by favors to and from specialized clientele) against the "threatened domination" of a Chief Executive armed with no more than the popularly unconvincing argument for coherent national policy. This potency was demonstrated in the rejection of Reorganization Plans Nos. 7, 11 and 12 of 1950 (see note 62 and Hearings before the Senate Committee on Expenditures in the Executive Departments on S. Res. 253-256, 81st Congress—Plans Nos. 7, 8, 9, and 11—pp. 12, 16 and 115).

⁶⁶ Wilson points out that there is nothing sacrosanct about the "mystical trinity" in the separation of powers but that from both a technical and philosophical standpoint there is need for a "division of power"—with at least one "monitory or neutral instance" to assure protection of individual rights in the continuous conflict between the individual and the State. (See note 12, pp. 483, 503 and 504.)

⁶⁷ On February 23, 1832, John Quincy Adams wrote in his *Diary*: "There ought to be no private business before Congress . . . It is judicial business and legislative assemblies ought to have nothing to do with it. One half of the time of Congress is consumed by it, and there is no common rule of justice for any two of the cases decided. A deliberative assembly is the worst of all tribunals for the administration of justice." (quoted by G. Lowell Field, "Administration by Statute—The Question of Special Laws," *Public Administration Review*, 1946, p. 338).

Field continues in his own words: "No one presumes that a legislature as a whole pays any attention to the majority of special bills. In the relative anonymity of a committee room a principle *may* be followed, a rule *may* be applied, but the resulting special acts are legislation and it is all too evident that a legislature need not be governed by pre-established principles if it chooses to act otherwise.

"Legislative assemblies are made up of political representatives. These repre-

If this is true, then the legislative veto system should not be applied to matters of administrative adjudication.⁶⁸ Because of the sheer volume of adjudication necessitated by Federal administration on its present scale, however, some arrangement must be made to accommodate this workload through the device of administrative tribunals ("administrative" to speed the flow of business and concentrate the courts upon final formal declarations—"tribunals" to protect private rights against individual caprice); and thus the continued operation of independent commissions (occupied, if nothing more, with the adjudicative aspects of regulation) seems assured.

(3) This being the case, the question (unfortunately ignored by Cooper) is how the use of the legislative veto fits in with these operations?

Where the regulatory function does not involve appreciable elements of legislative performance, the answer (according to the above reasoning) is simple: the legislative veto should not enter the picture at all.

Where the function is partially legislative (rule-making), three supplementary questions need be asked: First, are the legislative aspects predominant over, and separable from, the adjudicative aspects; second, is summary Congressional control more important than administrative independence; and finally, does the regulation directly affect the entire economy?

The questions are interrelated; and a decision to use the legislative veto system requires an affirmative answer to all three. Answers to the first two depend upon the characteristics of the regulatory problem; and generalization is unrewarding. The third question, however, needs comment.

Where a limited group of closely related economic activities is involved, and where the issues are complex and peculiar to this sector, assignment to an independent commission or executive

sentatives are chosen for their views, and judged by their conduct, on broad political issues. The action of legislators in defining rules of public policy is responsible action. In the *application* of such rules they are acting in a field in which they cannot be called to account. Action under such circumstances is not responsible action."

⁶⁸ Cooper makes a cautious and perhaps inadvertent step toward this conclusion at one point (p. 146) by observing that the wisdom of legislative veto use in the suspension of alien deportation proceedings is "highly debatable"; but he never explores the broad principle involved, apparently failing to identify the basically *adjudicative* nature of the function. (See note 5.)

department seems indicated. The Congress should specify the broad aims of the regulatory policy in an organic act and use its traditional instruments of control to insure the fidelity of performance. It cannot competently do more.

Where, however, the regulatory policy involves highly generalized issues with immediate consequences extending across a major portion of the economy (and where the other two questions are answered affirmatively), operation through a legislative veto system is appropriate—since only the combined capacities of a nationally representative President and Congress can provide the initiative and breadth of judgment required for responsible action.⁶⁹

The possibilities in this latter category will be touched on in closing. Under no set of assumptions, however, can even the legislative role of the independent commissions in specialized and fractional regulatory action be dispensed with in the foreseeable future. During this period, the legislative veto system can serve only as an increasingly significant complement.

A PREDICTION

The doctrine and history of the legislative veto are of interest in themselves—but their greatest significance lies in providing a base for extrapolation. The mechanism's theoretical characteristics and practical accomplishments to date are impressive, particularly in the field of reorganization;⁷⁰ but careful reading suggests a much larger contribution from here on the development of effective American government.⁷¹

⁶⁹ A broad implication of the expanding importance of this second type of operation was stated as a question in V. O. Key's review of "Federal Regulatory Action and Control" (Blachly & Oatman). "Are we moving into an era of public responsibility for the guidance of the economic system as a whole? If so, will a scheme of organization suitable for control of a few minor segments of the economy serve under the new conditions?" (*Public Administration Review*, 1940-41, p. 86.)

⁷⁰ For a detailed history of the veto's pragmatic development in reorganization up through 1952 see the middle section (pp. 71-822) of the doctoral dissertation cited above (note 50).

⁷¹ Cooper's conclusion on this crucial point is disappointingly vague and defensive. "... we cannot foretell with any large measure of accuracy what the future holds for the veto. Whether its ultimate results will be beneficial, pernicious or inconsequential ... remains in doubt. ... But the integral features of the mechanism will remain and continue to be utilized. Congress will not and cannot totally ignore the desirability of subjecting certain executive actions to some further form of legislative assent" (p. 173).

The legislative veto could, of course, facilitate an enlargement of the Presidency to the point of prejudicing our Constitutional scheme; but its over-application to this end would be the signal rather than the cause of degeneration. There is also the opposite danger that it form the rallying point in a resurgence of "Congressional Government"; but here again, it would be no more than a symptom. The basic condition, virtual abdication in the Presidency, would produce some other avenue of expression if the veto did not exist.

Between these extremes, the potential for beneficial use of the device is almost unlimited. A brief description here can be only illustrative; and it divides this vast and challenging arena into three fields:

Administrative rules. This field of application must be approached with caution. The uniform blanketing of all administrative rule-making under a legislative veto system would diffuse the attention of the Congress and complicate the job of the administrative agencies by imposing an undiscerning Congressional filter.⁷² Here the complementary role of the regular departments and independent regulatory commissions is important;⁷³ and the use of the legislative veto should be restricted to those subjects where the element of adjudication is not involved, where the rule-making must be exploratory and highly discretionary, and where a substantial portion of the entire economy is directly affected.⁷⁴

A specific example of this type of subject, the non-military use of atomic energy, has already been given.⁷⁵ Another current but inconclusive instance is seen in attempts to eliminate discrimination in employment.⁷⁶ Under the proposed procedure, a series of regulations issued by a Federal fair employment prac-

⁷² This conclusion is confirmed by the *Report of the Attorney General's Committee on Administrative Procedures* (note 57, p. 120). See also: "Laying on the Table"—A Device for Legislative Control Over Delegated Powers," *Harvard Law Review*, February, 1952, p. 639.

⁷³ See above, note 58ff.

⁷⁴ See above, note 69. Where the subject is appropriate for legislative veto treatment, the prescription of a laying procedure (see discussion of "variations" note 14ff.) involves a complicated and dynamic judgment—balancing the factors of effectiveness and safety and periodically reviewing this balance as the guides for regulation in the area become clearer.

⁷⁵ See notes 50-55, and observe that the disappointment with this legislative veto provision in actual practice did not result from mechanical failure.

⁷⁶ See Cooper, p. 168. As in other places, the excerpt is substantially larger than indicated by the quotation marks. (Compare Cooper's language on p. 167 with that in note 50 above, drawn verbatim from the dissertation.)

tices commission (mandating the gradual reduction of discrimination in step with a broad educational program) would be subject to some manner of Congressional veto control.⁷⁷

Looking at the future in terms of the above criteria, administrative rules setting forth broad price, wage, and materials controls appear to be a highly appropriate subject for treatment by legislative veto. In this area, the need for prompt and coherent action in the face of strong economic pressures, technical complexities and indefinite program goals, argues against proceeding by regular legislation; but the impact upon the Nation's consumers, wage earners and businessmen is so great that some Congressional check on Presidential discretion is desirable.⁷⁸

A double caveat, however, is necessary here. First, use of the legislative veto in this area should be limited, as indicated above,⁷⁹ to *broad* administrative rules having a general effect upon wages, prices, and materials distribution throughout the entire economy. In the case of specialized rules dealing with narrow industry or commodity sectors, Congress cannot be expected to have the time and technical knowledge necessary to exercise its legislative veto check intelligently—and the job in this case can be better

⁷⁷ S. 2048 and H.R. 3986, 78th Congress and S. 101, 79th Congress provided for a 60-day waiting period and veto by "appropriate legislation." S. 984, 80th Congress, specified that the Commission's regulations would take effect immediately, subject to annulment at any time thereafter by concurrent resolution. This pattern was proposed again in S. 551, 82nd Congress. None of these measures was passed.

⁷⁸ Although there have been no actual uses of such an arrangement, it has been approached or proposed on two occasions. A joint resolution passed in 1947 authorized the President, after determining "that there is or threatens to be a critical shortage of any raw material, commodity, or product which jeopardizes the health or safety of the people of the United States or its national security or welfare," to propose a detailed plan and formula for curtailment in use, together with administrative arrangements. The Joint Committee on the Economic Report was instructed to hold hearings and within 15 days recommend legislative action regarding the President's plan. (61 Stat. 945-8—Sec. 6). Another section provided a full-blown legislative veto arrangement by authorizing the Commodity Credit Corporation to initiate overseas agricultural projects designed to prevent critical shortages in this country—provided "that any such program is first submitted to Congress by the Secretary of Agriculture, and is not disapproved by concurrent resolution of Congress within 60 days thereafter." (Sec. 7).

A bill introduced this same year by Senator Barkley authorized the President to propose price controls on individual commodities, such proposals to take effect after a 30-day laying period. (Sec. 10(c) of S. 1888, 80th Congress.) This measure was never reported from the Banking and Currency Committee.

⁷⁹ See note 74.

done by outright delegation (with appropriate guides) to an executive official or administrative board.⁸⁰

In the second place, and looking in the other direction, the legislative veto device should be applied in the *implementation* of economic controls rather than in the initiation of broad new control policies. This latter process falls in the province of regular legislation; and attempts to proceed at this fundamental level by a short-cut method will either fail or, if successful, lead seductively into constitutional corruption.⁸¹

And this touches on the crucial problem of what Watkins has called "dictatorship by delegation."⁸² Used discerningly and with restraint,⁸³ the legislative veto can be one of the most important instruments for dealing effectively yet safely with the interwoven minor crises which are such a persistent and perplexing characteristic of modern government.⁸⁴ Applied in larger ways as a crisis-born expedient, it can destroy the very government it was designed to serve.

In summary, the administration of economic controls illustrates the natural role of the legislative veto in intermediate legislation, dramatizing the awkward consequences of use beyond its proper limits and illuminating its potential for safe and effective action within these limits. Sheer logic points strongly toward the future development of this application.

Regional Planning. This promising field of legislative veto use

⁸⁰ This reasoning, it has been argued, applies to the disposal of surplus government plants. (See above, note 44ff.)

⁸¹ The demonstrated lack of Congressional enthusiasm for the Morse proposal of a legislative veto procedure for seizure of strikebound industries (see above, notes 41-43) indicates a general unwillingness to use this procedure for the resolution of basic legislative problems. The logic behind this disinclination becomes evident when one examines the difficulties that would have confronted the President, faced with a hostile Congress, in attempting to proceed in the 1952 steel strike under such an arrangement. (See dissertation, note 50, pp. 868-78.) Having provided a legislative veto system and (in view of its attitude) having presumably vetoed the President's seizure plan, the Congress would probably have felt relieved of any further responsibility to deal by ordinary legislation with what could have developed into a major economic crisis.

⁸² Note 6, pp. 368-79.

⁸³ See note 4ff. for a summary description of the appropriate limits and safeguards in this use.

⁸⁴ See: Carl J. Friedrich, *Constitutional Government and Democracy*, (Boston 1941, 1950), Chap. XIII; Harold W. Stoke, "Executive Leadership and the Growth of Propaganda," *American Political Science Review*, 1941, p. 492; and Albert L. Sturm, "Emergencies and the Presidency," *Journal of Politics*, 1949, pp. 141-2.

involves the problem of federalism and the difficulty of meeting the governmental needs of America's great regional complexes (metropolitan areas, river basins, or whatever measure is used) within the severe restrictions of our present political subdivisions.

The problem brings up the basic issues of revenue and police powers, the two foundations of sovereignty: and since participation must be essentially voluntary, the governmental solution requires a plan in which, for all member jurisdictions, the benefits at least offset the inconveniences. This solution means effective use of appropriations on a regional basis—and recognizing the revenue-raising limitations of the participating state and local governments and the absence of regional taxing mechanisms, it means Federal appropriations.

It lies to the Federal Government, then, to serve to encourage the formulation of internally balanced regional plans, to secure an equitable nation-wide balance between the plans of competing regions, and to assure positive and coherent implementation of the measures decided upon. And in our present stage of political genesis, the legislative veto system is probably the only effective procedure for accomplishing this.

Use of the legislative veto device has been proposed on several occasions in bills aimed at coherent control of water use. Measures introduced from 1947 onward have proposed the establishment of basin "authorities" charged with preparing plans for the "unified development" of their respective rivers, such plans to take effect unless disapproved (generally by concurrent resolution) during a suitable laying period.⁸⁵

The effect of this arrangement is to supplant the traditional fragmentary authorization procedure by a comprehensive Congressional clearance, rendered with respect to a carefully packaged presentation and specifications of project benefit and cost priorities.⁸⁶ The schedule by which these basin-wide plans are

⁸⁵ See note 39. These bills included: S. 1534 (Sen. Murray) and S. 1647 (Sen. Taylor) in the 80th Congress (covering the Missouri and Columbia Rivers); and S. 427 (Sen. Jackson), H.R. 463 (Rep. Lane), S. 1160 (Sen. Murray) and H.R. 4228 (Rep. Furculo) in the 81st Congress (applying to the Columbia, Merrimack, Missouri and Connecticut Rivers). None of those measures was passed.

⁸⁶ The above bills were deficient in one respect by providing that the "plans" would be transmitted by the authorities simultaneously to the President and the Congress. This arrangement (as Cooper indicates—p. 164) precludes the very important insertion of a Presidential balancing influence (within the basin and, even more important, between basins) before the Congressional

effectuated is then determined by Congressional appropriations action, channeled by the project sequences which the plans set forth.⁸⁷

The legislative veto mechanism has seen actual use in the regional planning field of civil defense. After the Senate Armed Services Committee had carefully studied the Constitutional requirement of Congressional consent to interstate compacts,⁸⁸ the Congress authorized the Federal Civil Defense Administrator to "assist and encourage the states to negotiate and enter into inter-

reaction is obtained. A preferable procedure, permitting the incorporation of a Presidential "recommendation" prior to Congressional consideration, was used in Sec. 7(b) of the Atomic Energy Act. (See note 50.)

The importance of a presidential voice in the final form of river basin plans can be appreciated simply by reflecting upon their potential consequences in the comparative rate of economic and social development in America's various valley communities.

⁸⁷ The Federal Airport Act of 1946 (60 Stat. 164) modified this procedure by authorizing the Civil Aeronautics Administrator to prepare (with annual revisions) a "national airport plan"—specifying "in terms of general location and type of development, the projects considered by the Administrator to be necessary to provide a system of public airports adequate to anticipate and meet the needs of civil aeronautics." Each year the Administrator was to request 2-year authority to make grants for projects in the plan; and "any subsequent appropriations of funds . . . shall be deemed to grant the authority requested, unless a contrary intent shall have been manifested by the Congress by law or by concurrent resolution."

This arrangement, like that covering the disposal of surplus plants (see above, note 44ff.), seems to represent perverse legislative veto reasoning. Under this procedure, the Congress is asked to apply the veto on a project-by-project basis, thereby subverting the very coherence and balance of program that the legislative veto system is designed to achieve.

The "national airport plan" itself, being a policy statement of broad proportions (particularly in view of the expanded requirements of jet aircraft accommodation and the dramatically enlarged role of air transportation in this country), is actually the appropriate object of legislative veto review in this case. Under this arrangement, the program guides to national airport development would be set forth in the plan (preferably by the President rather than the CAA Administrator) and screened as a unit by the Congress; and the subsequent Congressional action on appropriation requests for individual projects (in accordance with the plan) would set the schedule for program accomplishment.

As will be mentioned in concluding (see below, note 97) the legislative veto system can even be applied again at this appropriations stage. In this procedure (in effect, a doubled or compounded legislative veto system) the Congress would appropriate on an annual program basis in accordance with the plan (this plan having been passed through the primary legislative veto screening). The rate of effectuation of this enacted program would then be subject to Presidential adjustment up or down (within limits set in the appropriations act) in accordance with special developments in the field and the general behavior of the economy—such adjustments to be subject to a secondary legislative veto clearance.

⁸⁸ Art. I, Sec. 10. See hearings on S. 4217 and S. 4219 (The Federal Civil Defense Act of 1950), 81st Congress. The bill reported was S. 4268.

state civil defense compacts," to "review" and "coordinate" these compacts, and to transmit a copy to Congress.

The consent of Congress shall be granted to each such compact, upon the expiration of 60 calendar days of continuous session of the Congress . . . but only if . . . there has not been passed a concurrent resolution stating in substance that the Congress does not approve the compact.⁸⁹

The interstate compacts drawn and cleared under this approval procedure since 1950⁹⁰ have been quite ineffective in providing cooperative regional arrangements for civil defense; and there seem to be three compelling reasons for this.

(a) The widespread public apathy concerning civil defense in general, reinforced by a stupefying alternation in Federal policy between "digging" and "running," has discouraged local initiative in the active operation of regional compacts.⁹¹

(b) The sweeping and complex physical preparations required for adequate civil defense on a regional basis (involving such bewildering subjects as escape route allocations and emergency traffic management, medical services, shelter and other engineering preparation, food reserves, and welfare and economic arrangements for mass dislocations) have defied accomplishment within the prevailing terms of voluntary effort by diffuse and parochial subdivisions throughout the metropolitan area.

(c) Given these conditions, and bearing in mind the problem of consent in regional government, the absence of sustained and substantial Federal appropriations for civil defense has deprived the entire system of its lifeblood.

In retrospect, therefore, it can be said that the legislative veto application in civil defense was no more than a *pro forma* arrangement to satisfy a constitutional nicety. To fulfill its logical role in this field, the system would have had to go further and

⁸⁹ Sec. 201(g) of P.L. 920, 81st Congress (64 Stat. 1249).

⁹⁰ As of mid-1955, 38 such compacts had been negotiated and put before Congress; and all of these were permitted to take effect. The majority involved only two states.

⁹¹ See *The United States Municipal News*, U.S. Conference of Mayors, January 15, 1957, p. 1, and paper on "The Role of the States in the Solution of Metropolitan Area Problems" delivered by Dr. Luther Gulick at the University of Pennsylvania *Conference on Metropolitan Area Government*, February 8, 1957.

provide for Congressional review not simply of compacts but of comprehensive *plans* (including commitments to appropriate) for area civil defense administration—plans prepared by the Federal, State, county and municipal governments in cooperation, and submitted by the President.

And the lesson of civil defense can be applied to the even broader problem of over-all metropolitan government. Although peculiarly concerned with civil defense because of its war powers, the Federal Government is increasingly recognized as the only polity having adequate and operable jurisdiction in general metropolitan area administration.

Twenty-three of the 170 standard metropolitan areas in the United States as defined by the Census Bureau involve two or more states. And in all of these areas, the tremendous problems of adequate planning for housing, traffic and transportation, industrial development, health, water supply, policing, recreation and a host of other vital services demand a comprehensive regional approach with extensive Federal guidance and sustenance.⁹²

Given this situation, the legislative veto arrangement can encourage local initiative and cooperation in regional planning—with Federal guidance in terms of national coherence and discerning support within the total limits of Federal financial capability. Until such time as regional governments have taxing powers (implying, in fact, a fundamental redrafting of State boundaries), the use of the legislative veto mechanism in the exercise of the Federal Government's paramount responsibility for regional development seems both desirable and practically inevitable.

Fiscal Policy. This final field of legislative veto use is most significant, but its present primitive state permits only rough conjecture on the possibilities.

Fiscal policy seems particularly well suited for legislative veto treatment from two familiar standpoints—positivity and security.

The play of economic-electoral forces upon the Congress is so ravaging that effective direction of a coherent and continuous compensatory policy (particularly the increased taxation and reduced expenditure required during the upswing) is more than

⁹² See "Bridging State Lines," Frederick L. Zimmerman and Mitchell Wendell, *National Municipal Review*, February 1957, pp. 71-76, and *Report of the Commission on Intergovernmental Relations*, Washington, G.P.O., 1955, p. 51.

the present sense of democratic responsibility in that body can be expected to provide. In other words, the individual Congressman or Senator is held accountable not for the aggregate behavior of the economy but for tax changes and district or state project expenditures directly affecting the local voters. In contrast with the President and his Nation-wide constituency, the district representative in our present state of political sophistication cannot base his Congressional action on considerations of *national economic health*.

The impact of fiscal policy decisions on the Federal budget is so great and the tradition of Congressional control of the purse strings so strong, however, that an outright delegation to the President of wide discretion in setting taxation and expenditure levels seems both unwise and unattainable.

The effective future role of the legislative veto system in resolving this dilemma can be discussed in two parts—(a) taxation and (b) expenditure.

(a) The system could be so incorporated in revenue legislation as to permit the President a limited freedom to propose tax system reforms and revisions in the standard or bottom-bracket income tax rate appropriate in balancing the movements of the national economy—such proposals to take effect after a suitable period unless disapproved by Congress.

There are two basic approaches in compensatory revenue policy—simplification and rationalization of the Internal Revenue Code to eliminate its inconsistencies and increase its impact as an instrument of countercyclical policy, and adjustment of the standard personal and corporate income tax rate²⁸ to achieve (in conjunction with expenditure level control) that condition of Federal surplus or deficit considered necessary to maintain a stable high level of national economic activity.

The logic of applying the legislative veto system in this process is apparent. The President, with a centralized picture of the state of the economy and its probable response to changes in tax structure, is in the best possible position to propose these changes;

²⁸ Tax authorities seem generally agreed that compensatory changes in the total tax burden are best achieved through adjustments in the standard rate. See, for instance: Alvin H. Hansen—*Economic Policy and Full Employment* (New York, 1947), p. 141ff.; Kenneth E. Boulding—*The Economics of Peace* (New York, 1945), pp. 161-166; and Richard A. Musgrave—"Federal Tax Reforms" (*Federal Reserve Board—Postwar Economic Studies* No. 3, Washington, G.P.O., p. 85).

and the Congress, with its Constitutionally prescribed responsibility "to lay and collect taxes"⁹⁴ and its broad political judgment as a pragmatic check on the fallibility of economic analysis techniques, is in a uniquely well-qualified position to review them.⁹⁵

(b) The system could be applied with equal logic on the expenditure side. Here again the President, with a responsibility for carrying out the total expenditure program and with immediate access to the best national economic data, is in an ideal position to initiate limited changes in the rate of spending (on both capital and operating programs) aimed at achieving high level stability; and again the Congress would fulfill its essential role by appropriating at the basic level on a program basis (rather than by object as at present),⁹⁶ by setting forth the program

⁹⁴ Art. I, Sec. 8.

⁹⁵ From an intensive study of tax legislation, Clarence S. Gulick has concluded that careful drafting and tight parliamentary control will permit prompt and effective tax revision by regular legislation. The practical effect of the legislative veto system, however, is to provide just the conditions which Gulick describes as necessary for forthright action. (*The U.S. Congress and the Timing of Fiscal Decisions*—Doctoral Dissertation, Harvard University, 1948).

To the author's knowledge, there has been only one formal approach toward a legislative veto mechanism in this tax area. In 1947, Senator Morse proposed an amendment to a pending income tax reduction bill (H.R. 3950, 80th Congress) designed "to provide for flexibility in the tax structure, so that Congress can plan ahead for tax reductions that will become effective when economic conditions warrant." The amendment set forth a detailed new personal income tax schedule (at reduced rates) to go into effect either upon passage of a joint resolution or 30 days after the transmission to Congress of a Presidential determination that "the level of employment and production has declined, or is about to decline, to a substantial extent"—and failing the passage of a concurrent resolution of disapproval. (93 Cong. Rec. 8979-80.) The Morse amendment was defeated by a vote of 60 to 22. (93 Cong. Rec. 8771.)

The legislative veto system has been repeatedly suggested, however, for use in a related revenue area—the revision of postal rates. In 1953 and 1954, Congresswoman St. George introduced bills designed to establish a 3-member "Board of Postal Rates and Fees" appointed by the Postmaster General and charged with recommending changes in the rate structure "in order that the revenues of the Post Office Department will, in so far as possible in the light of public interest and consistent with policies established by Congress, be more nearly equal to the expenditures of such Department." (Sec. 1, H.R. 5860, 83rd Congress. See also H.R. 6425, same Congress, and H.R. 178, 84th Congress. Similar bills were introduced by Congressman Allen and Senator Dirksen—see H.R. 6515 and S. 2476, 83rd Congress, and S. 710, 84th Congress.) The Postmaster General was authorized to submit rate change "proposals" to Congress (based on these recommendations), and these were to take effect after six months unless disapproved within three months by concurrent resolution or within ten days thereafter by the President. A bill introduced by Congressman Reams (H.R. 6544, 83rd Congress) provided appropriately that the Board would be appointed by the President and the "proposals" submitted to Congress by him. None of these measures was reported from Committee.

⁹⁶ See above, note 13.

priorities and limits desired to govern any proposed expenditure rate changes, and by passing case-by-case judgment (in accordance with the laying period and veto procedure) on the President's proposals.⁶⁷

A final and general commentary on the role of the legislative veto device in compensatory fiscal policy can be derived from the Employment Act and the Legislative Reorganization Act of 1946.⁶⁸

The Employment Act provided for a Presidential report to Congress at the beginning of each session setting forth "the levels of employment, production and purchasing power obtaining in the United States" and recommending "a program" to promote the maximum levels.⁶⁹ The Presidential recommenda-

⁶⁷ Under the procedure suggested earlier (see note 87) the setting of project priorities within the various capital programs can itself be accomplished effectively through the medium of a legislative veto system (by the Presidential proposal of a comprehensive physical development "plan"—project specifications and priorities, a "shelf of blueprints" arranged in careful order—and the Congressional review of this proposal in its entirety during a laying period). In this arrangement (as noted) there is a two-fold or compounded operation of the legislative veto system.

There have been several approaches toward the general application of the legislative veto system in expenditure control. Beginning with the Anti-Deficiency Act of 1905 (34 Stat. 48), the President has had outright authority to place appropriated funds in reserve when he considered them surplus to the needs of the legislative objectives. This impounding authority was expanded by E.O. 6166 (issued under the reorganization act of 1933—see note 26) and the Federal Employees Pay Act of 1945 (59 Stat. 304). An attempt to extend the authority to cover Federal expenditures other than for personal services, however, was deleted from the Budget and Accounting Act of 1950 (P.L. 784, 81st Congress—see Sec. 203 of S. 3850).

An amendment to the Independent Offices Appropriation bill in 1938, accepted by the House but deleted in the Senate (Sec. 2 of H.R. 8837, 75th Congress), stipulated that the President could not only reduce expenditures for specified items but could eliminate them outright (exercising, in effect, an item veto on appropriations acts) if his proposal survived a 60-day laying period in Congress. (See 83 Cong. Rec. 522-24 for a defense of the Constitutionality of this proposal. A similar attempt in 1942 received the same treatment—see Edward S. Corwin, *The President—Office and Powers* (New York, 3rd Ed., 1948), pp. 345 and 504).

Sec. 103 of The Government Corporation Control Act of 1945 (PL 248, 79th Congress) requires that the Congress be supplied annually with each government corporation's "budget program" for the coming year—these programs taking effect in the absence of Congressional action. The corporations have been given the further authority to meet "emergencies or contingencies" during the year, provided the budget program changes are approved by the President and submitted immediately to Congress. (See V.O. Key's Chapter on Government Corporations in *Elements of Public Administration*, Note 58, p. 235ff.)

⁶⁸ 60 Stat. 23 and 812.

⁶⁹ Sec. 3. An earlier draft of this legislation (S. 380, 79th Congress, "The Full Employment Act of 1945") set forth the President's recommendatory role in more specific terms.

tions contemplated here—and capable of involving both tax structure and expenditure rate changes—are just one step away from a legislative veto system in fiscal policy; and experience under the Act indicates that its chief shortcoming lay in not arranging for a definite Congressional reaction.¹⁰⁰ The implication of a logical future step is clear.

The Legislative Reorganization Act set forth a "Legislative Budget" procedure whereby the combined revenue and appropriations committees of both houses meet jointly at the beginning of each session to consider the over-all relationship of expenditures to revenue and decide upon an expenditure ceiling, reporting this decision to the two houses for incorporation in a concurrent resolution setting a limit on total appropriations for the forthcoming session.¹⁰¹

The practical failure of this procedure reflected a timing difficulty and an overconfidence in Congressional understanding of the total Federal budget as a combined program description and fiscal instrument.¹⁰² The concept of the "Legislative Budget" showed a miscalculation of the emerging Congressional role in fiscal control.

The Congress was requiring itself to answer the wrong question at the wrong time and in the wrong way. The question should be: what changes from the existing levels of expenditure and taxation are desirable in the developing state of the economy? The time to ask it should be: whenever, according to the President's best information, significant developments are imminent. And the way to present it should be: for the President to propose specific changes in tax structure and expenditure rates, along lines previously laid down in enabling acts, with these proposals subject to Congressional annulment during a suitable laying period.

And this arrangement, concentrating the President and Congress on their most effective roles in the formulation and implementation of Federal programs, suggests the ultimate logical development of the legislative veto system.

¹⁰⁰ See: Edwin G. Nourse—*Economics in the Public Service—Administrative Aspects of the Employment Act* (New York, 1953); and Warren C. Calkins—"The Council of Economic Advisors: Political Economy at the Crossroads," *Public Policy*, etc., vol. IV (Cambridge, 1953), pp. 95-115.

¹⁰¹ Sec. 138.

¹⁰² See Jesse Burkhead—"Federal Budgetary Developments," *Public Administration Review* 1948, pp. 267-74.

SCHAUFFLER AND THE VETO: A COMMENTARY

Joseph Cooper

THE most significant differences between Mr. Schauffler and myself concern the manner in which the veto can best be utilized in the service of the modern democratic state. In brief, Schauffler's approach can be described as follows. The veto should be confined to the "middle ground between the conventional acts of Congress and the legislative actions of executive agencies by outright delegation." In this area certain practical considerations often demand that measures be delegated to the Executive even though they are highly legislative in nature. The veto comes then as a means of preserving legislative control over matters highly legislative in nature and is restricted to such a role, both in order that the Legislature may not be vested with functions which are not "properly" or "inherently" legislative, and in order that the Legislature and the Executive may be enabled to perform those functions for which they are best equipped organically. Thus Schauffler approaches the proper sphere of veto operation primarily in terms of the notion of inherent legislative function, i.e., primarily in terms of a "legislative" middle ground, in the belief that such an approach will derive the greatest benefits possible from the veto device. As a result, his approach can be criticized on three grounds.

LOGIC AND THE VETO

In the first place, using the notion of inherent function as a means of restricting the veto to a "legislative" middle ground rests on the mistaken assumption that functions can be identified as "properly" or "inherently" legislative. Such is not the case both because legislative power, in the sense of discretionary decision-making with regard to policy, is inevitably involved in the process of carrying out Congressional pronouncements, and because executive power, in the sense of discretionary decision-making with regard to performance, is inevitably involved in the very process of legislating. In short, the Legislature in the very process of legislating necessarily becomes involved, both directly and indirectly, in determining the manner in which its decisions

are to be carried out, while the Executive in the very process of carrying out Congressional pronouncements necessarily becomes involved, both directly and indirectly, in determining matters of policy as well as performance. As a result, particular decisions cannot be said to be "properly" or "inherently" legislative or executive in terms of function, even if they can be seen as highly legislative or executive in nature in terms of the various logical criteria used to differentiate legislative and executive power, since only a distinction in degree separates the actual processes of Legislative and Executive decision-making with regard to both policy and performance.

On the surface, this may all seem like mere verbal quibbling. However, this is to misunderstand the role that the notion of inherent function plays in the minds of its adherents. For implicit in Schauffler's contention that functionally decisions can be identified as "properly" or "inherently" legislative lies his most basic guideline for approaching the proper sphere of veto operation. The idea is simply that as a primary consideration a "legislative" device like the veto should only be used with regard to tasks that are "properly" or "inherently" legislative. But, even if one accepts the premise that the logical nature of a matter should govern the form of its exercise, the fact that decisions cannot be seen as "properly" or "inherently" legislative in terms of function means that any approach to the veto which relies on logic as a means of delineating the proper sphere of veto operation creates a false identity between legislative function and legislative power. For example, the non-"legislative" decisions involved in disposing of a number of Defense Department business facilities are as "properly" or "inherently" legislative in terms of function as any of the matters Schauffler approves of as proper subjects for veto review, though Schauffler would not and could not admit this. Thus, Schauffler's logically defined and logically delimited middle ground approach does violence to reality since as a primary consideration it restricts the veto to measures which are "legislative" in nature, when actually decisions which are not legislative in nature in logical terms are as much a legitimate part of Legislative decision-making as decisions which are.¹

¹ This is not to say that one cannot make a case against veto usages, such as

We may conclude then that the inherent function approach pretends to accomplish something that is really beyond its grasp. It pretends to be able to establish definitive differences between the various Governmental decision-making organs as a basis for the distribution of discretionary authority when actually even the concepts of legislative and executive power, which can be established as a matter of logical differentiation and definition, cannot be distinguished absolutely, given the fact that policy and performance always involve and affect one another. The fact that Schauffler relies on a notion of inherent function as his primary guideline in approaching the veto while simultaneously admitting that the difference between Legislative and Executive decision-making is one of degree only indicates that he has not deeply analyzed the implications of each of those two positions.²

PURPOSE AND THE VETO

In the second place, Schauffler's middle ground approach suffers from the defect of subordinating purpose to logic, of restricting the veto to a sphere of operation delimited by logic instead of seeking to use the veto in such a manner as will best serve the purposes of our modern democratic state. Most basically, this is so because Schauffler's approach, being an inherent function approach, necessarily involves the assumption that logic should govern the distribution of functions, that logic should serve as the primary guideline in delimiting the proper sphere of

the veto over Defense Department business facility disposals, on a *posteriori* rather than a *priori* grounds. For one can argue, apart from the question of whether or not functions are "properly" or "inherently" legislative or executive, that once Congress has actually given the Executive a task to perform it cannot directly interfere with the execution of it. However, this is not an argument which Schauffler can employ since it works against all usages of the veto and not just those which are not legislative in nature in logical terms. Thus, Schauffler too must argue that though different in mode, the veto accomplishes no more than the appropriations check, given the fact that authorization and appropriation are distinct processes in the Congress.

² What Schauffler cannot understand is that his "legislative" middle ground approach cannot be reconciled with a recognition of the element of degree in Governmental decision-making, even though decisions can be seen as more or less legislative in terms of function. For the lack of any qualitative difference between Legislative and Executive decision-making means that any argument based on degree must be applicable to non-"legislative" matters as well as to "legislative" matters, to performance or operations decisions as well as to policy decisions. Yet this is precisely what his logically defined middle ground approach denies as a first premise.

veto operation.³ Thus, what we wish to consider here is the efficacy of such an approach, remembering that for Schauffler the governance of logic has a dual significance. Taken absolutely it rules out decisions which are not "legislative" in nature; taken relatively it rules out decisions which are not highly "legislative" enough to warrant subsequent control through the veto.

Now, to be sure, Schauffler sees no dissimilarity between his logically defined and logically delimited middle ground approach and an approach based on the contribution the veto can make to the successful operation of our modern democratic state. For Schauffler an inherent function approach is required by the necessities of modern democratic theory; for him the governance of logic exists not as an end in itself but as a means of insuring the most beneficial use of the veto device.

In reply, we can only say that here as elsewhere Schauffler has not fully explored the implications of his position. To assume that a veto approach structured in terms of a logically defined and logically delimited "legislative" middle ground best serves the successful operation of democratic institutions is a mistake. On the contrary, restricting the veto to a "legislative" middle ground places it in a straitjacket despite the fact that oversight through the veto is peculiarly well-adapted to the necessities of modern government. Indeed, the veto device was seized upon by the Congress after nearly twenty years of groping for some such weapon, precisely because it could serve as a means for helping to preserve Congressional control in the face of the constantly growing need to augment the discretionary authority of the Executive. Yet Schauffler, instead of addressing himself directly to the problem of the role of a Legislature in a democracy and the nature of its contemporary needs, addresses himself to the problem in terms of logic, ruling out veto checks on matters outside his "legislative" middle ground in the belief that this is the way to use the veto most effectively. As a result, his approach prevents the veto from realizing its full potential as an oversight weapon.

³ Even if the inherent function approach could live up to its claims, even if it could establish qualitative differences between the various Governmental decision-making organs which correspond to a set of logical distinctions with regard to the various forms of discretion, still particular decisions could not be said to be "properly" or "inherently" this or that unless one first assumed that the logical nature of a matter should be the primary determinant of the branch which exercises it.

On the one hand, if veto checks on matters outside the middle ground area are ruled out because such matters are not "properly" or "inherently" legislative, this is merely to use a fallacious equation between legislative function and legislative power, buttressed by an erroneous view of the limits of Congressional competence, as an excuse for crippling the veto. What must be pointed out is that the veto's potential will never be fully realized unless it is considered as an appropriate weapon for checking non-"legislative" as well as "legislative" matters. This is true both because in many cases decisions that seem to be concerned with performance or operations rather than policy nevertheless involve and affect policy as much if not more than performance, e.g., surplus rubber plant disposals and the problem of monopoly in the rubber industry, and because in a limited number of instances the veto exists as the best means of checking the performance aspect of Executive decision-making, e.g., disposal of valuable surplus war material and the problem of insuring that the Government receives a fair price. To say, as Schauffler does, that we should not automatically reach for the veto simply because a subject is inadequately controlled is true. But if a subject is inadequately controlled and if its importance when balanced against the cost both in terms of time and administrative obstruction still justifies Congressional control, why not reach for the veto if it can serve as the most effective means of control. Aside from certain Constitutional objections, one can answer this proposition in the negative only if one regards Congressional control primarily as a hindrance rather than as an essential ingredient in the modern democratic state. Moreover, to say as Schauffler does that Congress is not qualified to exercise control over matters outside the middle ground is incorrect. To be sure, as a general rule, care must be taken to avoid placing the veto in the hands of the committees either formally or practically by striking the committee form out of all veto legislation and by restricting the veto to matters of general significance which do not involve myriads of material. But the committees can and must be utilized, just as they are in the regular legislative process, and if they are utilized Congress is well qualified to pass on such matters as the effect of rubber plant disposals on monopoly in the rubber indus-

try or the relative quality and economy of certain products manufactured by Defense Department business facilities.

On the other hand, if veto checks on matters outside the middle ground area are ruled out because such matters are not highly "legislative" enough to warrant subsequent control through the veto, this is to correlate the degree of "legislativeness" with the degree of importance, a correlation that cannot fail to obscure and distort the factors that really make things important. In other words, though Schauffler and I agree that the veto should be restricted to matters of broad significance, he makes the mistake of assuming that significance is always a function of how "legislative" a matter is. However, this is not only to exclude non-"legislative" matters of broad significance from veto control; in addition, it is to overlook the fact that, though importance or significance often correlates with broadness defined as a logical proposition, still it is not unusual for measures which are relatively restricted in terms of substance or affect to have considerable importance either intrinsically and/or by implication. In short, there is a subjective element in importance which forever puts it beyond the reach of mere logic. As a result, Schauffler's attempt to restrict veto usage to areas which logically are highly legislative in nature prevents the veto from being used to full effect, from being used in areas whose importance constitutes as good a reason for veto control as the reasons that justify its use in the middle ground area.

We may therefore conclude that, contrary to what Schauffler would have us believe, his logically defined and logically delimited middle ground approach subordinates purpose to logic by interpreting and thus delimiting the very ends that are to be served in terms of logic. In other words, to restrict the veto to a "legislative" middle ground is to approach the problem of Congressional control in terms of logic rather than in terms of the role and necessities of Congressional control. It is to restrict the veto to a "legislative" middle ground on the basis of a logically defined notion of legislative function and a logically circumscribed view of the nature of importance, when, in truth, the full realization of the veto's potential can only be attained if in any given instance its usage is restricted only by the necessity for

Congressional control and the veto's suitability as a means of control.

PRACTICALITY AND THE VETO

Lastly, Schauffler's approach to the practical is distorted. It is an approach which cannot identify the truly practical. Here as elsewhere the explanation lies in his dependence on logic, in his dependence on an inherent function approach. Thus when Schauffler says that he wishes to use the veto in such a way as to allow the Legislature and the Executive to perform those functions for which they are best suited, he interprets suitability logically. That is to say, he interprets suitability in terms of those functions for which each branch is best suited organically, in terms of those functions for which each branch is best suited by virtue of its nature as a branch which "properly" exercises a certain type of discretion. As a result, logic and practicality become wholly complementary for Schauffler, the veto area defined by the one being exactly equivalent to the veto area defined by the other.

Needless to say, such an equivalence is a false one since it creates a false identity between logic and practicality. Though it is true that the Legislature is best suited for the making of broad decisions, whereas the Executive is best suited for the making of detailed, involved decisions, this does not mean either that broadness can be equated with the degree of "legislativeness" or that the Legislature is poorly qualified to decide all matters which are not highly "legislative" in nature. On the contrary, the truth of the notion that the Legislature is best suited for the making of broad decisions inheres both in the superior ability of the political representatives of the people to decide questions of policy and in the quality of insight present to a nontechnical mind; and, within limits, both of these abilities extend to matters of significance, even if such matters are not highly "legislative" in nature. In other words, the Legislature is just as well qualified to decide matters outside the middle ground area in the case of the veto as it is qualified to decide matters not highly "legislative" in nature in the regular legislative process. Indeed, if Schauffler's strictures with regard to Congressional competence were applied to the regular legislative process, they would rule out meaningful Con-

gressional decisions with regard to such matters as farm price supports, civil rights, and labor relations, to cite a few examples. In short, they would reduce the Congress to impotence and do away with any necessity for substantive committees.⁴

⁴ Strangely enough, Schauffler sees no contradiction in advocating veto usage with regard to highly "legislative" matters such as tax policy, even though such review would inevitably involve the perusal and comprehension of highly complex material, while at the same time refusing to allow the veto to be used outside the middle ground area because of the deficiencies inherent in a body of non-experts.

POLITICAL CAMPAIGNS AND THE BROADCASTER

Richard S. Salant

POLITICAL BROADCASTING—SOME GENERAL QUESTIONS

ON November 6, 1956, radio broadcasters finished their ninth United States presidential campaign. It was, in fact, the first presidential campaign held during a time when television had grown to a truly nationwide basis: For the first time, the candidates could, through television, be heard and seen by all but a tiny minority of American voters. Now, over a year later, the problems, the excitement and the interest have passed on—for all except professional politicians, political and social scientists, and a few broadcasters who, immediately after having barely survived the bewilderments, the pressures, and the perplexities of such a campaign, must begin worrying and planning for the next onslaught three and a half years later.

For a few weeks after November 6 there were the usual post-mortems and analyses; a fair share of these was devoted to the role which television and radio broadcasting played in the campaign. Perhaps the only point of universal agreement in these post-election analyses was that beginning with the presidential primaries in the late winter of 1956 and not ending until the final returns were in on November 6, there had been a great deal of politicking on television and radio. There also seems to have been rather universal agreement that television, particularly, had considerably changed the nature of campaigning. But there the agreement ended.

On the one hand the Chairmen of the Republican and Democratic National Committees seemed to feel that there had been too much electronic electioneering and that the public's appetite had been sated. Letters to the broadcasters from viewers who were disappointed to find the last five minutes of "The \$64,000 Question" or all of "I Love Lucy" replaced by political campaigning indicated not that the public's appetite had been sated but that its tastes had been ignored. And these irate letter writers found support in the recommendation of one thoughtful critic, Professor C. A. Siepmann (*The Nation*, March 17, 1956) who proposed that a ceiling—a maximum number of hours—be im-

posed on the time which could be allotted to broadcast electioneering.

Others, however, notably minor party candidates and some congressional and senatorial candidates who found it too difficult to buy time and free time too rare, disagreed. They insisted that there had not been enough broadcasting coverage of the political campaigns—at least of their own campaigns.

There was disagreement not only concerning quantity. There was also disagreement about the more fundamental questions of the utility of the broadcasts, and their impact. One school of thought held that the outcome of the presidential campaign had not been significantly influenced by electioneering by the candidates over the air. In support of their view they pointed to the overwhelming victory of President Eisenhower which had been accurately forecast long before the campaign on radio and television had officially begun; they pointed also to those areas where in 1952 there had been no television and in 1956 there had been—yet the percentage of votes for the Democratic and Republican presidential candidates was virtually identical for both years.

A second school of thought was equally certain that television played an influential part in the outcome of the elections. This school insisted that the dimension of President Eisenhower's victory—if not the victory itself—was significantly affected by the Republicans' more skilful and effective use of television. It was contended that the Democrats made poor use of television, that Mr. Stevenson's appearances were uncertain, fumbling and unpersuasive, while in contrast President Eisenhower's appearances were professional and sure and were largely responsible for dissipating the voters' doubts about his vigor and health.

Still others who took a backward look after the close of the campaign expressed a deep concern about the implications of politicking on television and the effect of the new medium on the business of campaigning. They viewed with alarm both the enormous impact of television and its huge cost which, they feared, assured victory to the candidate with the wealthiest supporters. And they also contended in newspaper articles, sociological studies and even novels that television reduced campaigning to nothing more than an advertising sales campaign in which presidential candidates were apt to be, or were already, packaged

for the voters like soap and cigarettes. Television, they said, camouflaged the real nature of the candidates and the issues; instead, the primary virtues were glamour and the ability to act out a carefully contrived role. Indeed, one Senator introduced a bill which would have required any presidential candidate who used make-up for his television appearance, or who used a prepared script rather than spoke extemporaneously, to disclose those facts.

But in all matters political, as in all matters relating to television, there was disagreement on whether television's effect on campaigning was for good or for ill. There were those, less cynical and with greater confidence in, and affection for, the American public, who felt that television had given to the American people a greater first-hand knowledge of the issues involved and a more penetrating insight into the kind of men the candidates were. This school of thought—and the author most surely belongs to it—is persuaded that at least in its potentials, television is a great medium for reaching not only the heart of issues but the nature of the men who come before the public. The eye of the television camera is merciless; it shows a whole nation precisely what is there—and exactly as it is there. It focuses the eyes and ears of one hundred million people on the candidate. If one has any confidence in the intelligence of the American people and their ability to identify who is the charlatan and who is not, one must conclude that television is no threat to the electoral process but is the greatest of all contributions to it. For in 1956, more than ever before, there was the opportunity for the public to gain direct knowledge of the candidates and to make up their own minds, not through the filter of what someone else wrote about them, but through the public's own ears and eyes.

But it is not the purpose of this article to resolve these disagreements concerning whether there was too much or too little electronic electioneering, or the full extent of television's influence on the way people voted, or whether, even, television is a monstrous distortion of the democratic processes or a priceless contribution to them. Rather, it is this article's purpose only to raise these questions and then turn to the more ascertainable issues of what television did in fact do during the campaign, and what it

did not do—and where it did not do all it might have, why it did not.

SOME DIMENSIONS OF POLITICAL BROADCASTING

Among the ascertainable facts of the broadcasters' role in the 1956 campaign are the dimensions of the job which was done. The dimensions, in sum, were large.

The most comprehensive source of information concerning political broadcasting expenditures appears in "1956 General Election Campaigns," a Report of the Senate Subcommittee on Privileges and Elections submitted to the Committee on Rules and Administration (85th Congress, 1st Session). The Subcommittee submitted questionnaires to the three television networks and four radio networks, the approximately 500 television stations and the 3500 radio stations in the United States. On the basis of the returns of these questionnaires, the Subcommittee found that between September 1 and November 6, 1956 (the post-nomination and pre-election period), the total expenditures for radio and television of all parties and candidates for all political offices aggregated just under \$10 million, of which \$5,381,000 was expended on behalf of Republican candidates and \$4,120,000 in support of Democratic candidates. Total radio and television expenditures for the 1956 presidential, senatorial and congressional campaigns were not significantly in excess of the 1952 expenditures for the corresponding campaigns. Allocation of the dollars spent, however, had, between 1952 and 1956, shifted markedly from radio to television. The Report states that for the presidential campaign in 1956, the Democrats spent slightly in excess of \$175,000 for radio network broadcasting while the Republicans spent a little more than \$142,000. For the presidential campaigns on television networks, however, the Democratic expenditure totaled \$1,167,000 and the Republican expenditure \$1,700,000.

CBS' own records show that the Democrats purchased 265 minutes of time on the CBS Radio Network and the Republicans 270 at a net cost, respectively, of \$86,000 and \$65,000. On the CBS Television Network the Republicans spent a total of \$871,400 for 415 minutes of time and the Democrats \$499,176 for 250 minutes of time.

These paid political television broadcasts reached substantial audiences,—the high figure was a five-minute broadcast by Herbert Hoover which reached almost 30 million people on the CBS Television Network. The average paid political speech reached more than $5\frac{1}{2}$ million homes and about 14,000,000 people over the CBS Television Network.

But substantial as these figures are, comparisons confirm that the public's appetite for political speeches was rather less than its appetite for its regular entertainment fare. The average audience for all nighttime political programs on the CBS Television Network was some 60 per cent below the average audience for its regular entertainment programs—a phenomenon equally present in respect to the other networks. For example, a half-hour political broadcast by President Eisenhower on a Tuesday from 9:30-10 PM had an audience 35 per cent smaller than the entertainment program usually in that time period, while a Friday 8:30-9 PM broadcast by Adlai Stevenson reached an audience only about one-half that of the audience for "Our Miss Brooks" which was customarily broadcast in that time period.

The five-minute political broadcasts which replaced the last five minutes of regular half-hour or hour entertainment programs reflected no such substantial diminution in audience; usually almost the same number of viewers who were tuned to the entertainment remained tuned to the five-minute political broadcast which followed it.

Indeed, the research data indicate that the size of the television audience for political broadcasts was directly related to the size of the entertainment programs normally in the time period; if the political party wanted to reach the largest audience its best purchase was the last five minutes of the most popular entertainment programs such as "The \$64,000 Question." But research also discloses that these political broadcasts—even those limited to five minutes—adversely affected the size of the audience of the entertainment programs which followed the political broadcasts. The normal audience of such entertainment programs decreased by about 15 per cent when preceded by political programs.

These data establish one of the reasons why broadcasters have no special eagerness for political campaigns. They underscore the danger of excessive paid political broadcasts, for a point of saturation may well be reached where television as a medium of mass

communication may be substantially deteriorated. The audiences are in danger of being driven away during a political campaign, not only for the political speeches but for the regular programs as well.

But in any event, *paid* political broadcasts and political coverage is only one facet of the broadcasters' role during campaign periods. Coverage *at no cost to the candidates* or parties or their supporters bulked large in the broadcasting logs of the CBS Radio and Television Networks, as it did for all networks. Such free coverage takes three forms: (1) straight news coverage in regular news programs; (2) time for set political speeches by the candidates; and (3) regular or special series of discussion, debate or press interview programs. These three types of free coverage were provided in significant amounts in 1956.

Thus from September 3 until Election Day, some portion of the time of 163 CBS Television newscasts was devoted, in the field of news coverage, to the campaigns. This comprises virtually every CBS Television Network newscast during the period. On these newscasts 373:44 minutes or 19.4 per cent of the total newscast time was devoted to presidential campaign coverage of which a total of 140:57 minutes were devoted to Eisenhower, 133:04 to Stevenson, 62:44 minutes to Nixon and 36:59 minutes to Kefauver. On the CBS Radio Network all or a part of 790 separate newscasts during the period dealt with the campaign, totaling 3,150 minutes of which 1,175 were devoted to Eisenhower, 1,155 to Stevenson, 368 to Nixon and 302 to Kefauver.

In addition to the regular news coverage the CBS Radio and Television Networks broadcast—free to the candidates and parties—special programs were devoted to the campaign speeches. Free time was given for political speeches totaling 568 minutes—310 for radio and 258 for television. Among those granted free time on the CBS Networks were not only the Republican and Democratic presidential and vice presidential candidates but also T. Coleman Andrews of the Constitution Party, Darlington Hoopes and Samuel H. Friedman, presidential and vice presidential candidates of the Socialist Party, Farrell Dobbs and Mrs. Myra Tanner Weiss, presidential and vice presidential candidates of the Socialist Workers Party, Eric Hass and Mrs. Georgia Cozzini, presidential and vice presidential candidates of the Socialist Labor Party, and Dr. Enoch A. Holtwick and Edwin M.

Cooper, presidential and vice presidential candidates of the Prohibition Party.

Aside from the news broadcasts and the special set campaign speech broadcasts, the CBS Radio and Television Networks also provided without charge 1,150 minutes of special or regular program series in which leading spokesmen of the major parties discussed particular issues. These special program series included "Pick The Winner" on the CBS Television and Radio Networks, on which such spokesmen as Leonard Hall, Paul Butler, Senator Knowland, Governor Harriman, Governor Knight, Governor Meyner, Thomas E. Dewey and Thomas K. Finletter appeared. A second series on the Radio and Television Networks was "Face The Nation" on which such spokesmen as Walter Reuther, Postmaster General Summerfield, Senator Douglas, Secretary Dulles, Secretary Charles E. Wilson, Senator Margaret Chase Smith and Mrs. Franklin D. Roosevelt appeared.

There were also non-partisan political programs—such as CBS Television's "Bandwagon 1956"—designed to stimulate the interest of the voter and to provide him with historical political background. Such non-partisan political programs on the CBS Radio and Television Networks totaled 1,450 minutes during the campaign period.

In the aggregate, the CBS Radio and Television Networks alone, through their newscasts, their special programs and their series devoted 6,691 minutes (111 hours, 31 minutes) to the campaigns during the period—and all at no charge to the candidates or the parties. These data relate only to the CBS Radio and CBS Television Networks. The other networks, as well as the individual local stations, also devoted a substantial amount of free time in the aggregate to the political campaigns. That broadcasters thus participated significantly in the 1956 political campaign is cause among thoughtful broadcasters for satisfaction and frustration in approximately equal parts. In the remaining portions of this article, the focus will be on the reasons for the frustrations, and their possible remedy.

THE PROBLEMS OF POLITICAL BROADCASTING UNDER SECTION 315: THE OPPORTUNITIES DENIED

The potential of radio and television to illuminate and inform during an election campaign is indeed vast. Where only some

75,000 people actually saw and heard the great Lincoln-Douglas debates, over 115,000,000 can see and hear a presidential debate over television, and 140,000,000 can hear it over radio. But under existing law, such an opportunity cannot feasibly be provided by broadcasters.

The obstacle to such a debate—and to many other useful services which broadcasters might perform in serving to make for an informed electorate—is Section 315 of the Federal Communications Act. That section provides that while no broadcasting licensee *must* permit any candidate to use his broadcast facilities, *if* any licensee does permit “any person who is a legally qualified candidate for any public office to use a broadcasting station, he shall afford equal opportunities to all other such candidates for that office in the use of such broadcasting station.”

Under these provisions, a broadcaster is required, on pain of the loss of his license, to treat each candidate for a particular office with mathematical equality. The same amount of time, and the same general time period, must be afforded to each. The section does not require that any station give time—free or for payment—to any candidate. But it does require that *if* a broadcaster provides free time to any candidate, it must do precisely the same for each of his rivals. And if time is sold to one, it must be offered for sale on the same terms to all other candidates.

Superficially, these provisions would seem to be unassailably fair and just. They represent the essence of what has been referred to as “egalitarianism.” On their face, they bar discrimination among all candidates and they compel evenhandedness. At first glance, it would seem difficult to quarrel with such a principle.

But in operation, Section 315 is fatally defective. Its inevitable tendency has demonstrably been not to encourage the free play of ideas and the interchange of major political viewpoints on the air, but rather to suppress them.

The major difficulty stems from sheer numbers of candidates who fall within the protection of the law. For purposes of Section 315 a candidate for a public office is defined as any person who has publicly announced that he is a candidate for nomination or election and “who meets the qualifications prescribed by the applicable laws to hold the office for which he is a candidate.” It is enough that the candidate be eligible to be voted for by a

write-in—and a number of states permit write-in candidates. Whether his campaign is merely for nomination or for election, he need only be a “bona fide” candidate, which seems to mean not that there be the remotest chance that he be nominated or elected, but only that the candidate would in fact accept the nomination or the elective office—if he should win it.

Painful experience has taught broadcasters the sweep of these provisions. Perhaps the classic illustration involves one William R. Schneider of Missouri. Early in 1952, before the campaigns for presidential nomination had begun, Mr. Schneider had urged CBS to grant him time to expound his views on the air. He insisted that he had some important views to propound; he averred that both the Republican and the Democratic parties were too radical and that he represented true conservatism.

It has always been the policy of CBS to provide broadcast exposure for all *significant* viewpoints in important matters of public controversy. Mr. Schneider was deemed ineligible for air time under this policy because there was no evidence that his viewpoint fulfilled the requirement of “significant.” CBS felt that Mr. Schneider was not sufficiently well known nor was there sufficient public interest in his views to warrant giving him time; accordingly, it rejected his requests.

As noted, Mr. Schneider’s requests had been made before the campaign period had begun. Shortly thereafter, however, the campaigns for the Republican presidential nomination commenced. CBS carried speeches of Senator Taft, speeches on behalf of General Eisenhower, and speeches of other major aspirants for the Republican nomination. Mr. Schneider saw his opportunity. He took advantage of Section 315 simply by announcing that he was a candidate for the Republican nomination for President of the United States. He filed in the New Hampshire primaries (where he received 230 votes) and the Oregon primaries (where his votes apparently still remain uncounted). Then he renewed his demand on the CBS Radio and Television network facilities, claiming he was entitled to time equal to those candidates for the Republican nomination who had already appeared on the CBS networks. When CBS still refused Mr. Schneider’s demand on the ground that he had not the remotest chance of nomination, and was, indeed, acting largely for

purposes of personal publicity, Mr. Schneider took his claim to the Federal Communications Commission, which ruled that he was entitled to the protection of Section 315. And so along with General Eisenhower and Senator Taft, Mr. Schneider received two network half hours free as a "bona fide candidate" for the Republican presidential nomination.

Whatever the law said about the bona fides of Mr. Schneider's candidacy, it is notable that the Republican Party officials themselves did not agree. They proved to have greater opportunity than broadcasters to exercise a sensible judgment about Mr. Schneider's importance. For the bona fide candidate under Section 315 was unable even to get a ticket of admission to the 1952 Republican Convention itself.

Through Mr. Schneider's victory over the networks, broadcasters learned the imperative wisdom of acting with extreme caution in granting free time to candidates for the presidential nomination. The implications of the Schneider ruling are enormous: There is no practical limit on the number of people who could do what Mr. Schneider did. One apparently need only to be qualified under the Constitution (and in no other way) to be President—i.e., be 35 years old, an American citizen and willing to accept the presidential nomination if it is tendered. With these minimal requirements, anyone can have free time—if any other candidate has been granted such time. The citizen's obscurity or the remoteness of his chances of nomination are not considerations which Section 315 permits the broadcaster to take into account. Once the dimensions of Section 315 are more generally discovered, it may fairly be expected that at least hundreds, if not millions, of publicity-seekers would be claimants entitled to free time.

In the circumstances, Section 315 leaves a broadcaster with no choice but to restrict free time sharply. And so his opportunity to enlighten and inform the public on the important issues involving presidential nominations is substantially curtailed. The public itself is the major victim.

In terms of potential numbers, a broadcaster's difficulties are most acute in the course of campaigns for nominations. When the candidates are nominated, the list of possible claimants under Section 315 is reduced from the millions. But the reduction remains

at the still impractical magnitude of dozens. Few recall, if they ever knew, that in 1952 there were, in all, 18 political parties with presidential candidates. These included, in addition to the Republicans and Democrats, the American Party, the American Rally, the Christian Nationalist Party, Church of God Bible, Constitution Party, Greenback Party, Poor Man's Party, Progressive Party, Prohibition Party, Republimerican Party, Socialist Labor Party, Socialist Party, Socialist Workers Party, Spiritual Party, Vegetarian Party and Washington Peace Party.

The precise number of parties and presidential candidates in 1956 has been difficult to ascertain. It seems to have been about 12. Thus, if President Eisenhower and Governor Stevenson had been granted three hours of prime night time during the 1952 campaign, this would have involved a total commitment in the two months' period of some 52 hours, and in 1956, 36 hours—or just about one full hour each weekday night between 7:30 PM and 10:30 PM.

It is for these reasons that broadcasters, as a matter of self-preservation, have had to be niggardly in granting any free time during nomination or election campaigns. For while to editorial writers and most citizens the United States may have a two-party system, to broadcasters that system is a myth, and unless they are extremely cautious, an extraordinarily costly myth.

The restrictions which Section 315 puts on a broadcaster in performing his function and duty to enlighten and inform do not end there. The section has proven in other ways to stand as an obstacle to electronic journalism's achieving its full potentialities of serving the public interest by clarifying and sharpening national issues. Thus, for example, the CBS Radio and Television Networks broadcast a special campaign series called "Pick The Winner" during both the 1952 and 1956 campaigns. Each week the Networks designated a major issue of the campaign for discussion by a leading Republican and a leading Democratic spokesman. Because of Section 315, it was impossible to invite the presidential candidates themselves; the broadcaster was remitted to spokesmen for the parties, since Section 315 applies only to candidates, and not their supporters.

But even the choice of spokesmen was restricted by Section 315, since often a leading spokesman is himself running for some office other than the Presidency. Frequently the most obvious

choice of such a spokesman was a Congressman or a Senator or a Governor who had taken leading parts in the formulation, articulation or execution of the policies which were under discussion. But Section 315 precluded making such sensible choices since every Congressman except those who were retiring, one third of the Senators, and 32 Governors were running for reelection. Therefore they were "candidates" for an office within the meaning of Section 315 and anyone who was running against them locally was entitled to equal time. In these circumstances, as a practical matter, almost all Congressmen and a substantial number of Senators and Governors were barred from this important national program although they were often the best and most knowledgeable possible spokesmen for their parties on the issues under discussion. Thus in this respect, too, Section 315 proved to be inconsistent with the objectives of public service and public enlightenment.

The 1952 and 1956 campaigns have illustrated still another unexpected facet of Section 315's frustration of a broadcaster's achieving his full potential as an electronic journalist. A radio and television format which has proven particularly effective in bringing facts and the nature of people to the public firsthand is the press interview type of program of which "Face The Nation" and "Meet The Press" are examples. In these programs leading national and international spokesmen are questioned by nationally known and expert news correspondents. The format of these programs is well devised to avoid bombast and soapbox oratory; they are useful in getting down to bedrock. James Reston of the New York Times has described them as important antidotes to "one-way campaigns" and he has urged their use as tending to offset candidates' reliance on what Mr. Reston calls the "techniques of modern salesmanship" by which the candidates are encouraged to "put over their arguments without giving the people much chance to answer back."

Yet the FCC has held that even though these programs were in no way under the control of the candidates, a candidate's appearance constitutes a use of broadcast facilities within the meaning of Section 315. Thus, if a candidate appears on "Meet The Press" or "Face The Nation" to answer news correspondents' questions, every other candidate for the same office must be afforded the same opportunity. Yet the very utility of these pro-

grams hinges on their maintaining some degree of public interest by choosing significant interviewees equipped to discuss timely topics. The viewers would soon lose interest in the series if, during the weeks of the campaign, there were a succession of interviewees named Homer A. Tomlinson, Fred C. Proehl, Don Du Mont, Edward Longstreet Bodin or Henry Krajewski—each of whom was a candidate for election as President of the United States in 1952 or 1956. Even though the space in a newspaper may be rather less restricted by natural force than the time in a broadcaster's day—a newspaper can expand from 48 to 50 pages but no research laboratory has found a way for a broadcaster to expand a day to 26 hours—it is probable that a newspaper editor would lose his enthusiasm for press interviews if he were required to cover and give equal space to a press interview of the Republican Party's candidate or the Poor Man's Party's candidate equivalent to the space given to the interviews of the Republican and Democratic candidates for President.

Unquestionably the most useful technique for providing the public with firsthand knowledge of the candidates and issues would be to present on television and radio face-to-face debates between the Republican and Democratic nominees. The classic Lincoln-Douglas debates could be presented electronically so that some 1500 times as many people could see and hear the two candidates as saw and heard the Lincoln-Douglas debates. Such debates would, it is submitted, realize the full potentialities of radio and television to stimulate voter interest and to provide firsthand knowledge of the men and the issues on which the electorate could make its own informed decision.

Yet this, too, is made impractical by Section 315. Such a debate between the Democratic and Republican candidates would clearly come within the section. Each of the other dozen or more presidential candidates (and the number would undoubtedly increase as the publicity-seekers became aware of their opportunities) would be entitled to similar participation. The kind of exact equality which Section 315 imposes would, indeed, even preclude matching one minor candidate against the other. Only either an almost endless roundrobin or the chaos of a simultaneous debate between a dozen or more men would appear to satisfy Section 315.

These considerations have compelled broadcasters' abandonment of attempts to provide the public with a modern-day electronic version of the Lincoln-Douglas debates as long as Section 315 remains the law.

These are not all the frustrations and the pitfalls which have arisen from Section 315. In other aspects of broadcasters' normal news coverage and public service to the people, absurd and unexpected results have been encountered. The Nixon fund controversy in 1952 and the Community Fund appeal and the Suez crisis in 1956 vividly illustrate the nature of these further complexities which Section 315 spawns.

It will be recalled that during the 1952 campaign an issue arose concerning allegations that Mr. Nixon, the Republican candidate for Vice President, had improperly been the beneficiary of a private fund. The allegations attracted vehement controversy and great public interest; the drama was heightened by widespread reports that the Republicans were seriously considering taking the unprecedented step of replacing their vice presidential candidate in mid-campaign. The decision was to be made on the night of September 24, 1952 when General Eisenhower was delivering a campaign speech in Wheeling, West Virginia. Senator Nixon flew in from the West Coast for the General's decision.

It was a dramatic day, the public interest was great and the excitement large. As part of its on-the-spot news service, the CBS Radio Network interrupted its regular schedule to broadcast the meeting of the General and the Senator and their speeches from Wheeling. The public heard the dramatic decision at the moment it was announced—and heard directly the two principal participants in the historic drama. Yet, of course, the General and the Senator were candidates within the meaning of Section 315. CBS, therefore, by doing what any sensible standard of electronic journalism would have dictated as being in the public interest, put itself under the legal obligation of providing similar free time to each of the opposing presidential and vice presidential candidates—a potential liability in that case of some 11 hours of radio time worth hundreds of thousands of dollars and for the most part of extremely limited public interest. It is to be doubted that a newspaper publisher would have printed verbatim the General's and the Senator's speeches on that night if he thereby

incurred the legal obligation, on pain of having his right to publish revoked by the Federal Government, to print verbatim the speeches of some 34 other presidential and vice presidential candidates.

The Nixon controversy of 1952 illustrates the foolish reach of Section 315. The difficulties stemming from such disparate matters as the Community Fund appeal and the Suez crisis in 1956 illustrate both its foolishness and its bewildering complexities.

Shortly after the presidential nominations, the time came for President Eisenhower officially to open the annual Community Fund campaign. Traditionally, the President—no matter who the incumbent of the office—has performed this function. Customarily the broadcasters gladly provide the few minutes for the President to begin this worthy campaign. The CBS Television Network proposed to broadcast the President's three-minute appeal in the course of the "Ed Sullivan Show," one of its most popular programs.

Legal caution, however, warned of the consequence of so doing under Section 315. CBS lawyers advised that the FCC had long since ruled that even where an incumbent of an office who happens also to be a legally qualified candidate uses broadcast facilities in his official capacity for non-partisan purposes unrelated to his candidacy, the use falls within Section 315. It was pointed out that the FCC had ruled some years earlier that if an office-holder who is also a candidate is accorded time for a speech in connection with a ceremonial activity or other public service, all opposing candidates are entitled to equal utilization of the station's facilities and for any purpose they choose.

Nevertheless, the purpose of President Eisenhower's proposed appearance seemed to be so obviously a public service that CBS decided to put the question again to the FCC. The Commission promptly replied that the proposed use did come within Section 315. The Commission wrote that Section 315 "contains no exception with respect to broadcasts by legally qualified candidates carried as a 'public service,' nor does it prescribe any requirement as to the 'political' nature of broadcasts necessary to bring them within the provisions of the section." Therefore, if President Eisenhower made an appeal as President of the United

States on the CBS Television Network, all other candidates for President were entitled to equal time which probably would entail a dozen interruptions in the remaining five weeks of the "Ed Sullivan Show" prior to election day.

It should be noted that following this ruling by the FCC, most of the candidates proved more flexible and more mindful of the public interest than the law itself. Mr. Stevenson immediately waived his rights under Section 315; thereafter, on request, all other candidates except Mr. Krajewski of the New Jersey American Third Party also waived their rights.

The denouement of the interplay between Section 315 and the Suez crisis was not quite so pleasant for the broadcasters. The issue was perhaps the major misadventure of the 1956 campaign under Section 315.

Late in October the Suez crisis came to a head with the British-French-Israeli attack. Its import for the entire world was explosive. President Eisenhower requested time on all radio and television networks to talk to the American people about the issues involved. He was speaking as President and Commander-in-Chief on an emergent matter and as is invariably the case when there is an official request from the White House for the use of broadcast facilities, all networks complied. The President's talk was carried on October 31—just one week before Election Day.

But the Administration's policies in the Mideast were a matter of domestic controversy concerning which contrary positions were strongly held. Further, the President was not only the President; he was a candidate for reelection. Promptly on the morning of November 1, Mr. Stevenson sent identical telegrams to each of the networks stating, "Due to grave crisis in Middle East and the granting of fifteen minutes of radio and TV time to the Republican candidate yesterday, I request that equivalent time be made available to me." That very night, November 1, the presidential candidate for the Socialist Party made a similar demand; thereafter, T. Coleman Andrews, the candidate of a number of parties, as well as the candidates of the Socialist Labor Party and the Socialist Workers Party also claimed rights under Section 315 arising out of the President's talk.

These requests sharply raised the issue of whether in all circumstances a broadcast appearance of the President came within

Section 315 solely by reason of the fact that he was also a candidate for re-election. CBS immediately submitted the matter to the Federal Communications Commission by telegram, pointing out that "While past interpretations of Section 315 by the FCC indicate that the equal time requirements apply irrespective of whether the broadcast giving rise to the requirement is or is not political in content, there has been no ruling by the FCC that Section 315 applies where the President of the United States uses broadcast facilities to deal with grave national or international circumstances."

Late in the afternoon (6:42 PM) of November 1, the FCC responded by telegram, stating that for "the FCC to conclude that Section 315 does not apply in the circumstances . . . is dependent on such an involved and complicated legal interpretation that we are unable to give you such a declaratory ruling at this time."

Thus the Commission said it could not make up its mind in so short a time. But broadcasters had no such luxury of indecision. There were only four periods of 7 to 7:15 PM (the time during which the President had spoken) left before Election Day, and there were five actual—and potentially more—claimants. Again, it must be emphasized—all stations can operate only under FCC licenses, and violation of Section 315 can involve the loss of license, and the end of the right to do business. The FCC could not decide; but the broadcaster had to—and quickly. As noted, prior Commission rulings had refused to distinguish between the President's speaking non-politically as President and the President as a candidate for re-election; *all* such broadcasting uses were held to be within the ambit of Section 315. Precedent, caution, and self-preservation compelled the granting of equal time to Mr. Stevenson and the other candidates on the days between November 1 and November 5.

But this frantic search for sense and certainty under the law did not end there. Immediately the networks granted time to Mr. Stevenson to equalize the time which had earlier been granted the President, the Chairman of the Republican National Committee telegraphed the networks stating:

President Eisenhower went to the people Wednesday night with a completely non-partisan report in his role as President. . . . We

were amazed to see you grant free time to the presidential candidate of the Democrat Party. Under the circumstances, we hereby request, pursuant to the provision of the FCC, equal time on television and radio for the Republican Party to answer Mr. Stevenson.

Taking the position that since it was the President's October 31 appearance that gave rise to Mr. Stevenson's entitlement to equal time, CBS promptly rejected the Republican Party's request. CBS pointed out that the FCC had refused to rule, and that CBS relied on prior precedents that *any* broadcast appearances by the President came within Section 315 *if the President was running for re-election*. In a patient but maximum understatement, CBS told the Republicans that "The problems arising under Section 315 are vexatious and the answer is not always clear. We can deal with them only with a view toward establishing fairness and balance as well as compliance with an unfortunate provision of the law which is not always easy to interpret."

There the matter rested uneasily over the weekend. The unexpected and final irony came early in mid-afternoon of Monday, November 5. With no advance warning, the FCC, apparently having kept the matter under consideration without advising the broadcasters of that fact (the broadcaster thought that by its wire of November 1 the FCC had avoided the issue indefinitely), and apparently now having had sufficient time *after* the broadcasters had granted the demand of Mr. Stevenson and the other candidates telegraphed that

The majority has now after further examination of this problem reached a conclusion that we do not believe that when Congress enacted Section 315 it intended to grant time to all presidential candidates when the President uses the air lanes in reporting to the nation on an international crisis.

In other words, days after the demand for equal time had already been granted the FCC decided that the broadcasters need not have done so. But time can no more be made to run backwards for purposes of erasure than it can be made to stand still; Stevenson had been granted time; he had used it; and it could not be undone.

The *ex post facto* ruling of the FCC was nevertheless most certainly not academic. By ruling as it did, it said, in effect, that

the President's October 31 appearance was not a use within Section 315 entitling his rivals time to reply. But this necessarily meant that the appearances of Mr. Stevenson and the other candidates was a use within Section 315 *entitling President Eisenhower time to reply*.

The broadcasters had no choice. Late in the afternoon of November 5, CBS telegraphed the Republican Party making the period of 10:45 PM to 11 PM available to President Eisenhower to equalize the time granted to Mr. Stevenson. There, one hour short of Election Day, the comedy (though hardly comic to broadcasters) ended. The time was too late; the President, on Election Eve, was already otherwise committed; and he did not take advantage of the broadcasters' offer.

It was fortunate indeed for the broadcasters that the President did not do so, and that Election Day was so immediate. For the ruling of the FCC was by a bare 4-3 majority and was hardly consistent with its earlier rulings or even its ruling of a month before concerning the President's Community Fund appeal. It is by no means certain that inherent in Section 315 is the flexible distinction which the FCC found there on November 5. Had any candidate taken the matter to court, the judiciary may have disagreed with the FCC. And had the court disagreed, and had President Eisenhower appeared at 10:45 PM on Monday, November 5, then all broadcasters would have been in default for not giving equal time, between 11 PM and midnight, to Mr. Stevenson and the other candidates once again to answer the President and thus complete the second full cycle.

"If the law supposes that," said Dickens' Mr. Bumble, "the law is a ass—a idiot." But the ticking of the clock sometimes rescues it, at least temporarily, from its asininity. The episode was as complicated as it was foolish. It vividly emphasizes the absurd, artificial and unexpected consequences of Section 315. There is, surely, no great public interest in preserving the sanity of broadcasters against the complex absurdities which Section 315 thus entails. But equally surely there would seem to be a most distinctly identifiable public interest in removing so clear an obstacle to radio and television's serving the public during campaign periods. Increasingly over recent years, the American people have looked more and more to radio and television for news and

information. Slowly but steadily, these media have become recognized as the newest and by no means least effective branch of the free press. Television has only scratched the surface in the service it can perform in giving to the American people firsthand knowledge of the great men and the great issues of the day. An informed electorate is entitled to have television explore fully the potentialities of electronic journalism. Yet in the crucial periods of elections which can affect the world for good or ill, Section 315 hobbles this vital branch of journalism and turns the task from sensible mature journalism to a process of frantically legalistic scratching on the head of a pin.

In sum, by compelling broadcasters to sell, rather than give, time for candidates' speeches, by precluding debates between the candidates, by barring them from panel and press interview programs, and by limiting the spokesmen who may appear in discussion programs, Section 315 has had a significantly suppressive effect, no matter what its equitable intentions. As has been stated by Jack Gould, the radio-television editor of the *New York Times*,

In practice the effect of Section 315 is less a guarantee of fairness than a formidable barrier to adequate broadcasting of political opinion and controversy. The provision thwarts the conscientious broadcaster who wants to do a rounded job. . . . It is time that Section 315 were reexamined with a view to allowing the broadcaster to make his own journalistic decisions.

SOME SOLUTIONS

Circumstances such as those just recounted in these pages have, in the past few years, thus led most thoughtful commentators to agree that Section 315 has seriously adverse consequences. A number of remedies have been suggested. They include (1) enforced free time; (2) amendment of Section 315 to distinguish between *major* and *minor* candidates and extend the protection of Section 315 only to the former; (3) amendment to withdraw the reach of Section 315 from certain types of programs; and (4) repeal. Each of these will be examined in turn.

1. *The enforced free time proposals.* As noted earlier in this article, Section 315 does not require broadcasters to provide time, either free or paid, to candidates. It requires only that if

time is given free to one candidate, it must similarly be given free to his rivals; if time is offered for purchase by one candidate, it must be offered on the same terms to his opponents. As has also been noted, because of the impact of Section 315 the multiplicity of fringe candidates has, as a practical matter, forced broadcasters to be exceedingly cautious in granting free time to candidates. In general, Section 315 has resulted in broadcasters' adoption of a policy of offering time for sale, rather than granting it free.

There has been criticism of broadcasters for this result. Norman Thomas has stated that the policy of selling, rather than of giving "has, for many of our candidates the value to a park bencher of the right to sleep in the Waldorf Astoria." Others have emphasized that this policy of sale to which broadcasters have been driven might well imbalance a campaign by providing the opportunity to the wealthiest party to buy a disproportionate amount of time or, as James Reston has pointed out, "More likely, and in some ways more dangerous, is the possibility that the campaigns have already become so expensive that the new President will be more and more under obligation to those who raise or contribute the most money."

These difficulties have led to the proposal that broadcasters be required to grant a specified amount of free time to political candidates. Indeed, such a requirement was embodied in a Senate bill introduced at the last session of Congress which would have required that each television network and each television station make available to each *major* candidate (excluding candidates with insignificant support) for the office of President of the United States one-half hour a week free during October and one hour in November preceding election in any presidential election year.

While the difficulties of legislative attempts such as were embodied in this bill to distinguish between major and fringe candidates will be discussed at a later point herein, it is submitted in any event that it is basically wrong for the Government to attempt by law to commandeer time for the use of candidates.

At the threshold, it should be noted that the problem of disparate wealth of candidates and supporters is less acute as between Democrat and Republican than it is between these two major

parties and the aspirants of other parties. There is no reason to believe that over the long run, there will be significant economic imbalance between the major parties. It would hardly be logical, therefore, to distinguish between major and minor candidates *on this ground*, and compel free time for the former, excluding the latter. The only possible basis for the discrimination is one of expediency: The recognition of the injustice to broadcasters which would be involved. For to require free time in any significant amount to *all* candidates—major and minor—for *all* offices (there is no discernible reason why, if the free time principle is sound, it should be reserved for presidential candidates, since candidates for the Senate and the House normally have even greater difficulty raising funds) would place an intolerable burden on the broadcasters and on the public.

A concrete illustration will emphasize this burden: Let us suppose a relatively modest requirement that during the campaign from September 1 through election time, broadcasters were required to give each presidential candidate one-half hour weekly of evening time; that senatorial candidates be granted a half hour every two weeks; and that congressional candidates each be allowed only one-half hour during the campaign.

On this basis, providing to a single presidential candidate the full television network free for a single half hour would cost a network and its affiliates about \$80,000 in special expenses and loss of revenues. This would involve a broadcasting loss of over \$600,000 for *each* presidential candidate; if there were 18 candidates, as there were in 1952 (and surely would be again, since once the windfall became apparent, candidates would multiply), the total loss of revenues which the CBS Television Network and its stations would suffer would substantially exceed \$10½ million. Free time for a single senatorial campaign would not be quite so expensive. The CBS Television Network would devise a network limited to New York State affiliates. Assuming four candidates for the office—a not abnormal number—and four broadcasts for each, the cost might reach approximately \$200,000. But since the unavailability of all New York State affiliates may well cause the loss of the national network advertisers during the period preempted for the New York network, the lost revenues would be enormously increased.

Even the apparently minimal proposal to give a candidate for the House of Representatives only one-half hour on a single television station involves a huge cost to the broadcasters. For example, there are 40 congressional districts in the coverage area of WCBS-TV, New York City. In the 1954 campaign, there was a total of 105 candidates for Congress in these 40 districts. Therefore, the proposal to give one-half hour would, *in the case of this single station alone*, result in the loss of revenues of well over a half a million dollars.

The scope of the free time proposal is, thus, staggering in terms of broadcaster economics. While the total can only be roughly estimated, it may well be that when all networks and all stations, radio and television, are taken into account, such a proposal would involve a contribution by broadcasters of \$50,000,000 quadrennially and \$15,000,000 each two years in between. And this would be without any free time for candidates for *nomination* (which often are equally as important as candidates for election) or candidates for other than *Federal* elective office. Nor do these figures take into account the inevitable secondary loss which broadcasters would suffer as a result of the damage to the impact and utility of radio and television in general: That numbers of candidates—so many of them obscure—would denigrate the medium. Excessive electronic electioneering would doubtless result in millions of sets being turned off and remaining dark for eight weeks.

In any event, the enforced free time proposal is premised, as has been noted, on the dangers of political imbalance arising out of the disparate wealth of political parties. Yet the problem is by no means peculiar to radio and television. The new emphasis on these media simply serves to focus attention on the fundamental problem of the high cost of campaigning and the potential advantages which wealth gives—and the potential dangers to which it gives rise.

For everything in a campaign costs money: train and plane travel, newspaper advertisements, sound trucks, auditoriums, campaign headquarters, buttons, confetti, car placards, mailing pieces, comic books, advertising agencies, publicity firms, and papier mache, or even live elephants and donkeys. At least some of these are just as necessary to the candidate, if not quite so

effective, as television and radio. Yet nobody has yet suggested that the supplier of these items be required to give them away free to avoid the dangers of disparate wealth.

The financial inequality inherent in politics, as in all free enterprise, is viewed with considerably greater equanimity in respect of these non-broadcasting items of campaigning. The imbalance of more elaborate headquarters, a larger number of advertisements in newspapers, a larger bevy of pretty girls distributing buttons, is dismissed as a natural and inevitable consequence of one party's having more money than another, of one candidate's attracting more financial support than his rivals.

Indeed, this is one of the very reasons which emphasizes the discriminatory nature of the suggestion, advanced as a result of the important new role of broadcasting in a political campaign, that radio and television be singled out from all other methods of campaigning, and be required to give their services and facilities free. That these media may be the most effective method by which candidates can reach the most people directly is not a sound basis for concluding that they alone, among all methods, must have their assets confiscated at no charge. This, indeed, would be making them the victims of their own success.

Nor can the proposal thus to single out broadcasters find any logical justification in the arguments that the broadcasters use the public's air and operate only by government license, or that they have a "natural monopoly" arising out of the limitations of broadcasting air space available. This argument is to ignore substance and overemphasize form. Railroads and airlines also have "natural monopolies" and are licensed by the government to operate, yet there is no suggestion that they donate their services and facilities to candidates. Newspapers and magazines are afforded second class mailing privileges under which their postal charges are considerably reduced; in some cases many units in these media could not exist without that privilege. Yet no one entertains the fantastic notion that their privileges be revoked unless they carry a specified number of political speeches verbatim or a specified number of political advertisements free. There could be no question that such a proposal would run afoul of the First Amendment. Such a proposal to require newspapers and magazines to donate space is worse than censorship: It is telling

the print media what they *must* print—the essence of the evil to which the First Amendment was directed. The proposal in respect of television and radio is no different.

In fact, of course, the free time proposal in any event provides no significant solution to the problem of economic imbalance among the political parties. As Professor C. A. Siepmann has pointed out (*The Nation*, March 17, 1956):

To insist, as some propose, that [the networks] give a certain amount of free time to political parties solves no essential problem. . . . For all that is thus achieved is to release party funds for use in other ways on other media. To put radio/TV at a commercial disadvantage over against competing media seems no part of the public interest we would have them serve.

2. *The proposal to exclude "fringe" candidates.* It would seem, therefore that the free time proposal solves very little and raises a host of new and serious problems. An alternative suggestion has been to avoid the difficulties stemming from the multitudinous "minor" parties and "minor" candidates by amending Section 315 so as to withdraw its protection from all but "major" candidates of "major" parties.

These proposals have assumed a variety of forms. One Senate bill, for example, makes Section 315 inapplicable to candidates for presidential election a) unless such candidate is a nominee of a political party whose presidential candidate polled at least four per cent of the vote in the preceding presidential election, or b) if his candidacy is supported by petitions numbering at least one per cent of that vote. This proposal, it may be noted, in no way affects the current application of Section 315 to any candidates for presidential or any other *nomination*, nor does it change the present situation for any candidate for congressional, senatorial, gubernatorial or local offices.

A second bill introduced recently sought to deal with the problem, already discussed in connection with Mr. Schneider, of candidates for presidential and vice presidential *nomination*. It proposed to impose equal time requirements only in respect of candidates for such nomination a) if the party whose nomination is sought by the candidate was one whose presidential candidate in the preceding election was supported by at least four per cent of the total popular votes cast, and even then only if such candi-

date of such party b) is the incumbent of any elective Federal or statewide office, or c) has been nominated for President or Vice President at any prior convention of his party, or d) is supported by petitions including at least 200,000 valid signatures. This second bill also proposed some relief from the equal time requirements insofar as congressional and senatorial candidates for election are concerned by limiting the application of Section 315 to nominees of parties which had received four per cent of the votes. The bill, however, did not affect the present application of Section 315 to candidates for congressional *nomination* even though, particularly in the southern states, there have sometimes been a dozen or more candidates for senatorial nomination in Democratic primaries. Nor does this bill propose to modify Section 315 at all in respect of candidates for non-federal office.

Since these proposals would at least partially solve the knotty problem created by obscure minor candidates, in varying degrees they provide partial solutions.

But their very variety and complexity underscore the grave difficulty of attempting to patch up Section 315 by the inflexible mold of legislative definition in advance of the vagaries and developments in American politics. For the compass of these proposals is to varying degrees, as noted, incomplete and their attempts at exclusion and inclusion extremely troublesome. Thus, for example, the heroic attempt in the second bill to define a "major" candidate for the Presidential nomination—entitled to the protection of Section 315—falls far short of what history has already established. For, had those provisions been in effect in prior campaign years, such candidates for Presidential nomination as General Eisenhower in 1952, Wendell Willkie, Herbert Hoover in 1928, and John W. Davis, before they were entitled to the protection of Section 315, would have had to produce petitions with 200,000 signatures, since although each obviously was an outstanding candidate, none was an incumbent of any elective Federal or statewide office and none had been nominated for President at any prior convention. And, since in his last race, he was the candidate of the Bull Moose Party, Theodore Roosevelt would have been required to produce signatures equal to one per cent—some 3,000,000—of the popular votes cast, as would Senator Robert LaFollette when he ran for President as the nominee of the Progressive Party.

The definitions, therefore, give rise to considerable difficulties. While difficulties of detail, they are vital detail. It is doubtful that the difficulties can yield to satisfactory solution for they seem to be inherent in any attempt legislatively to define in advance who is a major candidate and what is a major party. American politics is, and should be, too volatile and dynamic to permit these attempts to succeed.

But there would seem to be a more permeating vice than mere difficulties of draftsmanship. There are grave problems of political science and political philosophy inherent in any attempt by Federal law in effect to crystallize the two-party system and limit the body politic in the United States for all practical purposes to the Democratic and Republican parties. There would seem to be a clear distinction between, on the one hand, the public itself, or news media reflecting the degree of public interest in and public acceptance of political parties and candidates exercising discretion among candidates, and on the other hand, the federal government legislatively attempting to discriminate or distinguish. No new-born political idea has a *right* to public acceptance or to equal public attention and press exposure. But each does have a right to try to gain that attention and exposure without legislative obstacles to growth.

Any such legislation to crystallize and define, had it been in effect 125 years ago, would probably have aborted the Republican and Democratic parties. It would not take into account the traditional American system of leaving the choice to the public. It is our American heritage that every political movement is entitled to have a beginning; such beginnings are almost invariably small ones. Inherent in these legislative proposals would be a solemn Federal legislative rejection of the basic American philosophy of a free marketplace of political ideas where each idea and each political party grows as it earns the right through popular acceptance to grow.

These solutions, therefore, which would attempt to limit the reach of Section 315 through legislative definition of major parties and major candidates, providing relief in degrees varying according to their degree of comprehensiveness, are of some help to the broadcasters in relieving them of the problem of fringe candidates. But more important than the problem of the broad-

casters are the basic political principles involved and the implications of these proposals to the future of the American body politic. On this latter basis, no matter what the relief to broadcasters, the proposals afford a far less than ideal solution.

3. *The proposal to exempt certain types of political programs.* A third and compromise suggestion has been to leave Section 315 and its equal time requirements untouched for those political broadcasts which involve set campaign speeches or set programs under the control of the political candidates or their supporters. Thus, for time to be used by the candidates as they please, whether it be a formal address, a political jingle, or an elaborately produced political rally, the law of mathematically equal treatment, whether paid or free, would remain the same. But broadcasters would be relieved of the requirements of Section 315 in respect of all other types of programs in which they act not as mere conduits for the candidates but rather as journalists or leaders of discussions. Under this proposal, recently introduced in the Senate and the House of Representatives at the request of CBS, and supported by other broadcasters, the requirements of Section 315 would be inapplicable to appearances by candidates on any news, news interview, news documentary, panel discussion or debate program where the format and production of the program and the participants are determined by the broadcaster.

This proposal has important advantages. It preserves the equal treatment requirement in the areas in which it can most nearly be justified; it abandons it where it has often done the greatest injury. It gives to the broadcasters leeway and discretion in the exercise of their journalistic function so that they can concentrate on the main issues and the main candidates without providing time in such programs for the candidates of splinter parties. But this discretion would be permissible only in that type of program the format of which is designed for two-way communication, rather than one-way communication. It would permit the kind of press interview and debate programs which can be the real contribution of television to public insight and which are now barred.

Of the several proposals thus far discussed, this would seem to be the most desirable. But it is at best a compromise which may give rise to many unexpected arguments and unforeseen con-

sequences. It leaves untouched the problems which the broadcaster encounters in covering the most major and newsworthy campaign events, such as the acceptance speeches or the Eisenhower-Nixon speeches in Wheeling in 1952, referred to above. It presents no advance whatever in respect of solving such absurdities as the Community Fund and Suez episodes in 1956 since, for such appearances, Section 315 would be unaffected by this proposal. The proposal, in short, represents an important step forward, but not a wholly satisfactory and final solution.

4. *Repeal of Section 315.* The ultimate solution therefore would be to recognize radio and television for what they are—an important new member of the press with both the responsibilities and the prerogatives of the press. This recognition would involve the repeal of Section 315.

Concededly, the proposal thus to vest journalistic discretion in broadcasters in respect of political campaigns raises the possibility of favoritism for one candidate over another. There are those who reject the proposal in fear of "one-party" radio and television. The premise of the opposition to the repeal of Section 315 seems to be that a broadcaster in his role as part of the press is, during campaign periods, so little to be trusted that he must by law be prevented from exercising any discretion whatever. The experienced evils of suppression which Section 315 entails seem to be preferred over the vague fear of imbalance on the air.

This is both an unwarranted and a dangerous premise on which to base legislation. It assumes that those who are licensed by the Federal government to act in the public interest, convenience and necessity are unworthy of trust. If a broadcaster is not deemed qualified to make his own journalistic decisions in this area, then one can only ask by what standard the FCC gave him a license at all. Indeed, the matter need not be left to speculation. Actual experience is available to establish the broadcasters' record.

For Section 315 applies for only three or four months of each year. During the remaining eight or nine months Section 315 is inapplicable since there are no political campaigns and no candidates. But there is politicking and there is political as well as other controversy. Broadcast programs deal constantly with such controversy. Yet clearly there has been no one-party electronic press

even during the eight or nine months each year when Section 315 does not apply. Radio and television have in general scrupulously adhered to the principle of over-all fairness and balance among the major contenders for public attention in the field of political ideas; and they have done so not as a matter of compulsion by Section 315, since that Section is inapplicable, but under the general framework of their broad responsibilities. By their own record, broadcasters have earned the right to be free of Section 315 because they have demonstrated that they are equitable in letter and in spirit during the many months each year when Section 315 can take no hold.

The fact is that there are other and far more powerful safeguards against the dangers of unfair play than a rule of enforced mathematical equality in political broadcasts during campaign periods.

Broadcasters have learned that, wholly apart from their obligations under the law, there is an extraordinary obligation imposed upon them—to a greater degree than on any other news or entertainment medium—by the public itself. Between the broadcaster and the public there is a special and direct relationship; without the public to tune in, the broadcaster is no longer in business at all. The listener and viewer regard radio and television as a part of their personal lives. They regard these media with a peculiar sense of immediacy and proprietorship because they reach directly into their homes.

Thus a broadcaster's daily mail from the public is vivid reminder of the people's quick reaction to anything that a broadcaster does which the public thinks is inequitable. If during the course of a campaign, or at any other time, a broadcaster were to be flagrantly unfair or noticeably to favor one important candidate over another or one political party over another, both the political parties and the public would react quickly and vehemently. Such favoritism cannot be exercised surreptitiously and invisibly. It would be there for all to see and hear. A broadcaster could not long survive the public ill will which such favoritism would justifiably create. The more intimate and personal nature of radio and television, the public's proprietary attitude about what comes to them in their homes over these media, and the different history of the print media—which have no tradition of

balance and impartiality similar to that of the broadcast media—all point to the most practical kind of safeguards against favoritism by the broadcaster.

Public reaction, therefore, would be an imposing bulwark against any dangers which might be thought to arise by the repeal of Section 315. But there are other safeguards. The basic ground rules of the Communications Act remain. These ground rules include the keystone requirement that a broadcast licensee must operate in the public interest, convenience and necessity. CBS and all other responsible broadcasters have always considered that one of the components of operating in the public interest is to present all significant viewpoints on any important public controversial issue. Whether that requirement is self-imposed or imposed by law, it is one which broadcasters in general have embraced. It is applicable to all important public issues, whether political or not, and it would remain during campaign periods as well as during all other periods.

In the light of the broadcasters' record, of the safeguards which inhere in the very nature of broadcasting, and of the difficulties of devising a wholly satisfactory legislative compromise, repeal of Section 315 would seem well worth a try. There is so much to gain. The suppressive effects of Section 315 would be removed; the public would be the beneficiary because television and radio, with their enormous circulation and impact, would be able to fulfill their roles in bringing the major candidates and the major issues directly to the public in the most effective manner possible.

Indeed, CBS has proposed that once freed of Section 315, which as has been noted, now bars such a course, it would provide substantial free evening time during a presidential campaign for the major presidential candidates to debate the major issues. CBS has proposed to broadcast a modern-day electronic version of the Lincoln-Douglas debates in which both the Republican and Democratic presidential candidates would appear on the viewers' screens debating the issues of the campaign.

Programs such as these, now frustrated by Section 315, would provide a significant contribution to the strength of our political processes. Repeal of Section 315 would permit the broadcast of programs based on the fundamental belief of our

founding fathers that the citizen's opportunity to know and to judge for himself at first hand will result in the best possible decisions in the polling booths.

By increasing the opportunity through radio and television for the major national candidates to face each other and at the same time to face the American citizen directly in the citizen's own home, a long step forward will have been taken in bringing radio and television to journalistic maturity, and even more important, in strengthening our democratic processes by giving the citizen that kind of firsthand knowledge and insight which gives the greatest assurance of his wise decision.

TELEVISION, POLITICS, AND PUBLIC POLICY

Charles A. H. Thomson

OF all the media of political communication, television is regarded today by most practitioners and general observers as the single most potent means through which to influence an electorate. Yet television has operated on the national political scene for only a few years. Its debut, as a communications novelty with no immediate political significance, took place in 1940. War prevented immediate development, but by 1948, television carried the political conventions of the major parties, and helped to present political candidates and issues to the Television Belt in the Northeast and the Far West. In 1950 the more imaginative practitioners were trying it out in campaigning at the state level, with notable applications by Taft in Ohio and Dewey in New York. With prominent coverage of the national conventions and campaigns of 1952, television moved rapidly toward a preferred weapon in the campaigner's arsenal, even though the "freeze" had limited both the number of stations and the areas served to something short of the full population of the country.

Spokesmen for the industry, as well as politicians, predicted that television would change campaigning permanently. They thought it would discipline conventions and shorten campaigns. They speculated how it might change the criteria of "availability" for political candidates. While arguing over television's capacity to disguise or expose a political phony, they agreed that the new medium could bring public awareness of political issues to new levels, and increase voting.

Scholars and publicists took a more cautious and critical approach. The Langs explored the extent to which a political personality could be put in a framework easily misinterpreted by the casual viewer, and they analyzed the kinds of unwitting bias expressed in running commentary on the 1952 Democratic convention by reporters of the television networks.¹ Simon and Stern

¹ Kurt and G. E. Lang: "Unique Perspective of Television and Its Effect: A Pilot Study," in *American Sociological Review*, Vol. 18, February 1953, pp. 3-12, and "Inferential Structure of Political Communications: A Study in Unwitting Bias," in *Public Opinion Quarterly*, Vol. 19, Summer 1955, pp. 168-83.

analyzed voting returns in Iowa in 1952, showing that high or low television density did not significantly affect either turnout or Republican preference in presidential voting.² Seibert and his associates at Miami University studied the effects of television viewing on a small panel, concluding that Stevenson had profited more than Eisenhower in winning votes based on personality factors, and that television was no better than other media as a transmitter of public understanding of political statements.³ Gilbert Seldes lamented the public apathy that allowed without outcry the commercial sponsorship of the 1952 convention coverage on television, exploring the problems and difficulties he felt to be inherent in the relationship between commercial sponsors, networks, and political broadcasting.⁴ And the present author made an exploratory effort to pull together facts and interpretation concerning the relation of television to political campaigning, with especial reference to the impact of television on the nomination of candidates for President and for Vice President, and on the conventions of the major parties.⁵

This latter study concluded that whatever promise television offered of progress toward a more vigorous, rational, and mature political and electoral system, stressing national issues and perspectives, television was not and would not be a revolutionary medium in political conventions or campaigns, nor would it be the single sovereign road to political success. Television would in all likelihood continue to occupy a major place in the array of media suitable for political communications; but it would be evaluated by candidates and professionals in terms of its costs and its appropriateness to the particular circumstances of each campaign, to be used in conjunction with other media and meshed with organizational work down to the precinct level.

It also seemed apparent that of the major problems of public

² Herbert A. Simon and Frederick Stern: "The Effect of Television upon Voting Behavior in Iowa in the 1952 Presidential Election," *American Political Science Review*, Vol. 49, No. 2, June 1955, pp. 470-78.

³ Joseph C. Seibert and Associates: *The Influence of Television on the 1952 Elections*, Department of Marketing, Miami University (1954). See especially pp. 41, 47, 48.

⁴ Gilbert Seldes: "Politics—Televised and Sponsored," *Saturday Review of Literature*, Mar. 15, 1952.

⁵ Charles A. H. Thomson: *Television and Presidential Politics*, The Brookings Institution (1956).

policy therein discussed, the problems of access to television and the resultant impact on our politics were the most relevant.

Time has passed since these earlier efforts at appraisal. Both the experience of the elections of 1956 and the deliberations of committees of Congress on proposals arising out of that experience are now available for scrutiny. The area of public policy needs fresh examination, to see whether any relevant new problems have arisen, and to apply the lessons of intervening data and discussion.

We consider first the main elements in the experience, starting with a major event of 1952 that affected the industry's policies and practices, and touching on the costs of television, the amount and conditions of "free time" given by the networks and by individual stations, the response by candidates and campaigners to television's opportunities, the role of television during the political conventions, the role of sponsors and of advertisers, the balance between news and entertainment, and the over-all response of the networks to problems of political television. We then turn to the problems of policy raised by various proposals to amend Section 315 of the Federal Communications Act.

BACKGROUND

Threat from the fringes. Early in 1952, the broadcasting industry discovered, through their experience with one Mr. Schneider, that the problems raised by Section 315 of the Communications Act of 1934 for political telecasting might not be so tractable as were the similar problems met and mastered by radio and by television in its formative years. William G. Schneider, a St. Louis Republican who felt that Taft and Eisenhower had moved too far to the left, insisted on "equal time" to match speeches by these public figures over CBS. The network was unable to dissuade him. He took the issue to the courts and to the FCC and got a half-hour each over a nationwide network on radio and on television, on a showing that he was a bona fide presidential candidate, having filed in primaries in New Hampshire and Oregon. He was little known in either state, and waged a minimum campaign. Whatever television was supposed to do for politicians, it did not do for him: he got 230 votes in New

Hampshire, and 350 in Oregon. He could not even get a ticket of admission to the Republican National Convention.⁶ But the impact on the networks was immediate and influential. They reassessed the risks run by allowing candidates to use their facilities. They decided to exercise great care in choosing candidates to appear on news shows, and to rely more heavily than ever on payment for time by political broadcasters as a means of cutting down potential inroads on television's tight and profitable program schedules.

The impact of Section 315 and Mr. Schneider came home to campaigning congressmen and senators, who found broadcasters adamant against requests to use television on public service basis, and willing to consider them as participants in panels and quiz shows only under special circumstances once campaigning for nomination and election began.

The legislative response. Partly in response to these policies of broadcasters, and partly in response to related problems of campaigns and elections, several hearings and investigations by special committees and subcommittees of both the House and the Senate took place in 1955 and in 1956. Some were held in connection with efforts to revise the corrupt practices acts and other laws regulating election finance; others were held in connection with efforts to amend the Federal Communications Act in a variety of particulars.⁷

⁶ See Thomson, 24-25; testimony of Richard S. Salant, Executive Vice President, CBS, in *Communications Act Amendments*, Hearings Before a Subcommittee of the Committee on Interstate and Foreign Commerce, House of Representatives, 84 Cong., 2 sess., on February 3, 1956, pp. 174-75; and Paul T. David, Malcolm Moos, and Ralph M. Goldman, *Presidential Nominating Politics in 1952* (1954), Vol. II, The Northeast, pp. 34, 37, and Vol. V, The West, p. 198.

⁷ See, for example: *Final Report of the Special Committee to Investigate Political Activities, Lobbying, and Campaign Contributions*, S. Report No. 395, 85 Cong. 1 sess., May 31, 1957; *Federal Elections Act of 1955*, Hearings Before the Subcommittee on Privileges and Elections of the Committee on Rules and Administration, Senate, 84 Cong. 1 sess., on S. 636, April 12, 13, 19, 20, 26, May 10, 17, and 18, 1955; together with the Subcommittee's Report [Subcommittee Print]; *Communications Act Amendments*, Hearings Before a Subcommittee of the Committee on Interstate and Foreign Commerce, House of Representatives, 84 Cong. 2 sess., on Miscellaneous Bills to Amend the Communications Act of 1934, held on January 31, February 1, 2, 3, 7, 8, and April 19, 1956; *Federal Elections Act of 1957*, Report of the Committee on Rules and Administration to accompany S. 2150, 85 Cong. 1 sess., August 2, 1957; and most especially *1956 Presidential and Senatorial Campaign Contributions and Practices*, Hearings Before the Subcommittee on Privileges and Elections of the

During the course of these hearings, there was considerable testimony and discussion of proposed changes in Section 315, not only for the purpose of amending its rule governing equal access to the air, but also for correlative purposes of clarifying the liability of licensees to suits for libel and slander arising from utterances of candidates that the stations had no power under the law to censor. Spokesmen for two of the three networks pressed for changes in the equal time provision, with CBS taking the lead. These specific proposals varied in form and application, but had the common object of making it easier for networks and stations to bring substantial candidates of major parties before their microphones and cameras, without incurring risks of equal treatment for many other candidates—either frivolous or insubstantial candidates of major parties, or candidates of splinter parties with no following and little of public importance to say.

The value of access to television seemed greater than ever before. 1956 was the first major campaign year in which television had a nationwide reach, and the candidates, their managers, and the parties planned their nominating races, their conventions, and their campaigns with television's requirements and opportunities uppermost in their minds. This desire to capitalize on television did not, however, prevent the parties from scheduling their conventions in separate cities and in succeeding weeks, thus imposing substantial additional costs and logistical burdens on the networks, and jamming Republican preliminaries up against the concluding days of the Democratic convention.

Costs. In 1956, the major parties spent more for television than for radio, reversing the 1952 balance. They spent little more in the latter year, raising total outlays for both media from \$6 million to \$7 million.⁸ The Republicans outspent the Democrats

Committee on Rules and Administration, United States Senate, 84 Cong. 2 sess., Part 1, September 10 and 11, 1956, and Part 2, October 8, 9, and 19, 1956 (Washington, 1956), cited below as *1956 Practices*. The scarce and controversial Committee Print of the volume entitled *1956 General Election Campaigns*, the Report of the Subcommittee on Privileges and Elections, together with Minority Views submitted to the Committee on Rules and Administration pursuant to S. Res. 176, 84 Cong., cited below as *1956 Report*, gives invaluable data on the expenditures of political parties for television, radio, and other campaign necessities, as well as the more publicized breakdown of contributions to the Republican and Democratic parties.

⁸ *1956 Report*, p. 11.

in their television outlays for the race for President and Vice President by a margin of \$2.2 million to \$1.5 million. The parties spent nearly equal amounts for TV in senatorial races (Republicans \$486,000 to Democrats \$455,000). Republicans outspent Democrats in congressional races better than three to two (Republicans \$295,000, Democrats \$187,000). For all other races the spending was in reasonable balance (\$777,000 for Republicans, \$632,000 for Democrats).⁹ Spending for radio time came also to nearly equal amounts, as the Republicans laid out \$1.6 million to the Democrats' \$1.4 million. For both media in all races, the Republicans spent \$5.4 million against the Democrats' \$4.1 million. Other parties spent a grand total of \$316,000 for the electronic media, \$152,000 of it for television.¹⁰

Free time. Despite all complaints of how hard it would be, the networks and the individual stations did provide some free time during the campaign period itself—from September 1 to November 6, 1956. The nets gave 32 hours, and the stations something over 185 hours. (These figures do not add, since the network hours are included in the station hours; and the exact relation between station programs and network originations is not revealed by the Subcommittee's questionnaire.) Most of the 32 hours of network free time went to the presidential-vice presidential race. (CBS and ABC gave no free time for other offices at all.) The Republicans got a little more of it than did the Democrats. All the other parties together got more than the Democrats, but less than the Republicans.¹¹ Most of this free time was made available for nominees of the minor parties to match the acceptance speeches of the presidential and vice-presidential candidates at the Democratic and Republican conventions.

In terms of station time, however, less free time was given for local races than for national races (President, Vice President, Senator, or Congressman), and the Democrats fared better than the Republicans by better than 11 hours. The pertinent table is as follows:

⁹ The same, Exhibit 24, p. 2.

¹⁰ The same, Exhibit 24, pp. 2-3.

¹¹ Republicans, 714 minutes; other parties, 637 minutes; Democrats, 595 minutes. The same, Exhibit 24, p. 5.

MINUTES OF TELEVISION FREE TIME BY STATIONS,
SEPT. 1-NOV. 6, 1956¹²

Office	Democratic	Republican	Other	Total
For President and Vice President	835	678	466	1,979
For United States Senator	947	853	375	2,175
For United States Congressman	1,405	1,258	68	2,731
For all other offices	1,933	1,655	635	4,223
Total	5,120	4,444	1,544	11,108
Total undistributed by offices	30	30		60*
Total Free TV Time	5,150	4,474	1,544	11,168

The station-time table is the payoff table, because it is only through stations that television programs get to the public. An edge in network originations may mean an edge in quality, but local origination may equally signify better adaptation to the requirements of special audiences.

The gross conclusion from the above table might well be that substantial amounts of free time were given to political broadcasting; that the Democrats had more of it than any other party; and that the minor parties came in for a noteworthy slice. But if these figures are deflated by the number of stations (450) and the number of candidates (very large) they lose impressiveness, and comport more closely with the claims of the networks that they cannot give substantial free time for political broadcasting during campaigns, even for the key offices of President and Vice President.

A look at the distribution of free time by states shows that in 14 of them there was no free time given at all.¹³ In 16 states, however, stations totaled more than 300 minutes each. New York was top state, with 1,032 minutes. North Carolina got 715, West Vir-

¹² The same, Exhibit 24, p. 15, plus figures from Exhibit 24, p. 1*. These latter figures came in too late to include in the distribution by offices. A discrepancy appears in this table that renders it to some degree suspect for any analytic purposes other than indication of gross tendency. The figure shown here for "other" candidates for President and Vice President is less than the figure shown by the networks (630). If the network programs so originated were actually carried by one or more stations, the figure should be as large as or larger than that shown for the network origination. The discrepancy is probably due to incomplete station reporting.

¹³ These states were Alabama, Arkansas, Delaware, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Jersey, North Dakota, Oregon, Rhode Island, Utah, and Wyoming. See the same, Exhibit 24, pp. 18-115. This does not mean that free-time political television did not penetrate into some of these states. New Jersey gets much service from New York, which was top state in total free TV.

ginia 690, and California 674. In 10 states, the total was less than 120 minutes.

This relative concentration of free time means that it was of more significance than the average would indicate, in those areas where it was found, and the resultant concentrations fit more closely than the averages with the known fact that the main originating cause of free time during the campaigns, other than the acceptance speeches at the major conventions, is the use of broadcasting facilities by men in public office who are also candidates, and who thus generate the basis for free-time demands by their opponents.

The most prominent problem in giving free time in the presidential-vice presidential race arose when the President was granted time by the networks on October 31, 1956, to address the nation on the Suez crisis. The networks asked the Federal Communications Commission for a declaratory ruling as to whether this use required granting of equal time to other candidates for the office of President. The FCC replied by telegram on November 1 that it could not make such a ruling because the application of 315 in these circumstances depended "on such an involved and complicated legal interpretation." (Public Notice 38337.) But on November 5, the Commission issued its Public Notice 38387, stating that

The majority has now after further examination of this problem reached a conclusion that we do not believe that when Congress enacted Section 315 it intended to grant equal time to all Presidential candidates when the President uses the air lanes in reporting to the Nation on an international crisis.

Commissioner Hyde thought that Section 315 did apply, and that the Commission had no discretion to exempt any person from its application when the facts brought the situation within the clear and explicit congressional mandate. Commissioners Bartley and Mack reaffirmed their position of November 1, that the situation was too complicated to permit a declaratory ruling. Commissioner Doerfer concurred with the other three commissioners, forming a majority, and recalled the prescient testimony of Chairman McConaughy the preceding January 31. At that time the chairman told the Subcommittee of the House Committee on Interstate and Foreign Commerce that "if the incumbent

President of the United States, whoever he may be, has a matter of great national importance, such as the defense or protection of the United States to present, and desires to go on the air, I do not conceive that would require stations to give equal time to other candidates."¹⁴

On the basis of this decision, the networks gave Mr. Stevenson time to reply to the President without an invocation of Section 315. The net result was to estop other candidates for the office from invoking 315, as the networks were relying on the general standard of fairness in the presentation of discussion on public issues. The Republicans threatened to invoke 315 on their own behalf, to reply to Mr. Stevenson's "use"; but cool heads prevailed, and no such insistence was pressed.¹⁵

Only one other problem involving free time at the national level came up for decision: this was the appropriate treatment of the President in his capacity as sponsor for such a community service activity as the United Community Fund drive. This was determined to be a "use"; the nets either had to risk demands for equal time from others, or handle the matter in a specialized way, or fail to carry the President. On hearing that one of the networks was reluctant to carry the President for this purpose, Mr. Stevenson wired the network that he had no intention of asking for equal time to match this "use." In a similar drive on behalf of civil defense, the Columbia Broadcasting System decided to carry the President's remarks on a news program, after rapidly consulting the FCC's General Counsel, who was noncommittal. The issue remained unsettled in law and interpretation, although no unsettling demands for free time were forthcoming.¹⁶

High Points in the 1956 Experience. In 1956, there were no repetitions of a Schneider-type incident, and the skill of the networks and stations in dealing with possible demands for free time combined with their policy of charging for political use to keep

¹⁴FCC Public Notice No. 38387, dated November 5, 1956, and No. 38409, dated November 6, 1956. See also *Communications Act Amendments*, p. 61, cited above.

¹⁵One can only speculate as to the reasoning as to policy involved. The Republicans were undoubtedly mindful of the good treatment they had had from the networks, and were under no pressure to take action that would result only in opening up the television channels to candidates of third parties.

¹⁶See testimony of Richard S. Salant before the Senate Subcommittee on Privileges and Election, Sept. 11, 1956, *1956 Practices*, at p. 139.

total political use of television at levels only slightly higher than those of 1952.

Other aspects of the 1956 experience called as well for reevaluation of the 1952 estimates of television's usefulness to politics and its impact on public policy. The suggestion that television might make it easy for candidates was deflated early, by the spectacle of the primary fights between Stevenson and Kefauver. The value of television debates for political discussion was similarly deflated (though not definitively so) by the strategy pursued by these two candidates in their "debate" in the Florida primary. They attacked Eisenhower and the Republicans, but came to only one glancing passage at arms in dealing with each other's views on a controversial issue. And the prediction that a popular, incumbent President could make his campaign off his office desk was belied as that President discovered that effective support for key senatorial and House candidates, the shoring up of party power in critical regions, and demonstration of his personal physical stamina meant travel and action as well as screen appearances. But TV's attraction for campaigners when the race grows swift was demonstrated by the Gore Committee's finding that final figures showed both parties ultimately used a good deal more television than they planned to in September.¹⁷

Television's role in the 1956 national campaign was different from that in 1952. In 1956, Stevenson was already well known. His task this time was to pull together and galvanize into effective electoral action the majority party in the country—one that would win if it could deliver to the polls those who were registered in its name. His strategy called for early meetings with organization leaders in the states, and at the grass roots. These were covered by the press, and in good part by television in its role as news medium. The results were twofold: the candidate got bored with many of the ideas he should have reserved for his major addresses to the country, as he used them in his organizational efforts; and his subsequent lack of fresh news and verve contrasted sadly with the favorable impression he made on many of the voters—especially the uncommitted variety—in 1952.

On the Republican side, it was less important to publicize the President and his policies than it was to demonstrate his vitality

¹⁷ 1956 Report, p. 11.

and to link him with key candidates for federal or state offices. In retrospect, it appears that television's chief value to the presidential race was in its projection of the President's obvious health and vigor. This was most marked on the occasion of his press conference during the Republican National Convention. This conference was the first to be televised live, but that was not the essential point. Nor was the capitulation of Stassen decisive. What was of major impact was the impression of the President's patent fitness and eagerness for the fray, made not only through the cameras, but upon the largely critical members of the press corps who covered the conference, and through their media, on the public. This might have been made fully evident to the country through media other than television; but the evidence of the camera heightened the total impact.

Television and the Party Conventions. Neither the Democrats nor the Republicans came up with any significant innovations in the use of television, despite the efforts of both parties to turn the medium to maximum account during the period of their national conventions. Both parties did, however, make it easier for television, once it had its equipment and personnel in place, to cover their conventions. This meant easy access not only to the formal proceedings in the hall, but also full access to the sometimes more significant activities in the headquarters of the various candidates and in the meetings of state caucuses or other political factions and groups. There was no Agronsky coup of peeking into a secret caucus this time, for at least three reasons: (1) there were fewer secret meetings; (2) there was less that was newsworthy in them, and (3) television's style of reporting had developed greater maturity. For the most part, television was invited in, and the whole convention site was wired for video and sound.

The main argument over manner of coverage came in the Democratic convention, in which CBS did not carry a filmed history of the Democratic party, prepared by Dore Schary and narrated by Senator John Kennedy. CBS, noting the film's poor video qualities, pulled away from proceedings in the hall to carry interviews and commentary until the last minutes of the film. They did not, notably, turn to a subject not related to the convention. The two other networks carried the whole film. Chairman Paul Butler complained bitterly to CBS over this editorial

decision, alleging a breach of faith. He was answered firmly and promptly both by Sig Mickelson, the CBS Vice President for Public Affairs, and by Dr. Frank Stanton, CBS President. They reaffirmed the network's independence of editorial judgment, noting the lack of any commitment to the Democratic National Committee or to the Democratic party that they would carry just those aspects of the convention that the party managers thought most newsworthy and important.

In terms of arrangement of convention preliminaries, the Democrats gained an advantage over the Republicans in their treatment of the platform-drafting process. The Democratic platform committee heard witnesses *en banc*, running for the whole week before the opening of the convention itself. While this was not covered *in toto*, the networks did keep equipment in the committee room, and originated material for news shows twice a day from the spot. They also covered the more dramatic aspects live—for example, President Truman's statement on civil rights.

The Republicans, faced with a somewhat different problem, adopted different arrangements for their platform hearings that were far less easily adapted to television coverage. They split their committee into ten groups that met simultaneously, and the chairman of the committee, with the chairmen of the relevant subcommittees supporting him, briefed the press twice a day. Television was notably absent; and only newsreels and pen-and-pencil reporters turned up at the more critical and controversial points, such as the testimony given by witnesses concerning the Republican stand on civil rights. The Republicans, at least at the beginning of these hearings, would have been competing with the television coverage of the concluding (and the most dramatic) parts of the Democratic convention. But as it drew to a close, the Republican platform preliminaries offered an opportunity to shift public attention to the Republican convention, and to increase interest in the problems on which the Republicans were going to take a stand. This was largely missed.

As for the convention proceedings themselves, the Democrats succeeded better in looking like a political party (or at least like themselves) than did the Republicans. For the Republicans, with no basic decisions either as to candidate or organization to make,

the problem was how to fill up four days of time. The solution was to mix entertainment with party business, and to produce innovations of presentation and procedure to dramatize platform, demonstrate unity and discipline, evoke the presence of the President, and send the party workers home full of enthusiasm and confidence. For the most part, the Republican proceedings went neatly according to schedule. But the proclivities of women for talk and of show business for pageantry led to a mixup in timing, so that the unprecedented use of a Cabinet to present the main features of the platform came just at the time that the President was arriving at the airport, and making his way to his hotel. The networks consulted their editorial judgment, and unanimously decided to compete in seeing who could give best coverage to the landing of the Columbine and the far-from-news-worthy procession down the highway to San Francisco. By the time the President was safely encased in San Francisco fog, the Cabinet was through. It had been speaking to that small number of faithful who were told off by the convention managers to keep their seats in the delegates' portion of the floor, to the outposts of the working press, and to a scattering of visitors in the galleries. Others in the hall flocked to the television sets in the suites outside, to watch the President.

As for the one humorous and unplanned incident of the convention, the Joe Smith episode, the television viewers were in better position to keep up with what was going on than were many in the hall. The viewers could not miss the severity with which this rebellion was crushed, and its perpetrator banished and humiliated. Most of those in the hall were aware at the moment only of a mild scuffle, of unidentified origin and settlement.

Television did not have much opportunity to show what it could do in treating the Republican convention in depth, because so little in depth was going on. The Stassen revolt would have been well covered if it had gone anywhere. But the difficulties in California political organization among the Nixon, Knight and Knowland factions were not penetrated. They did not affect the immediate story, no matter what significance they might have for the future. The delegates came to be entertained, and to do their duty in a public demonstration. Television caught accurately the spirit and the detail of the occasion.

Much of the experience of television's coverage of the conventions in 1956 gave no evidence of fresh problems, nor did it give fresh cause for alarm. The manner of coverage by the industry of the conventions was better than in 1952, better adapted to cover all the important aspects of the story, and with some evidence of stronger editorial nerve, a sharper sense for the basic story, and deeper resources for putting the events of the moment into fair perspective. The networks showed themselves well aware of the vital difference between the formal, public aspects of the convention and the story of decisions and developments that take place behind the scenes, in the headquarters of the candidates, in the caucuses of the various delegations, in the meetings of the various dominant leaders who exercise power in the convention. But they still were far short of a sharp, edited account. Television still thought of conventions as a traditional three-to-five day "special event"—useful for a number of purposes, including a fine demonstration to the FCC and to the public at large of television's public service.

There was no evidence that any sponsor or group of sponsors played an improper political role, and despite the fact that convention coverage was more liberally underwritten in 1956 than in 1952, all three networks testified that they incurred sizable deficits—NBC and CBS of the order of \$1 million, ABC of the order of \$500,000.¹⁸ Nor was the mixture of advertising and reporting any more or less desirable in 1956 than in earlier years. The networks regulated sales interpolations with respect for the ongoing story of the convention; the most incongruous pitch-making occurred, as in 1952, during station breaks, when beer, bread, and bangles vied with a variety of other products and services for spot attention.

So long as the networks continue to think of political conventions as a three-to-five day "special event," to be covered in so far as possible live and in depth, the networks will seek sponsors to help defray the costs. The price is advertising—one which the ordinary viewer is accustomed to pay. And television, like radio before it, will be tempted to let the event carry itself in so far as possible, with enough narration, interviewing, and interpretative

¹⁸ See *1956 Practices*, pp. 143, 148. Costs were substantially higher for coverage in two cities rather than one.

comment to make the event intelligible by modern news standards. The viewer who has time to devote to the whole spectacle may be instructed the more accurately and fully, experiencing impatience and boredom along with drama. But for the generality of voters, pressed by the multifarious activities of modern life, extended viewing is a forbidden luxury. For them, a well-edited summary account, supplemented by live coverage of the key developments, may be more of a public service than a chance to look in on a party running the gamut of convention behavior.

As for the balance of news and entertainment, those who have earlier feared that the emphasis on entertainment built into the television industry might have undue impact on the presentation of politics, found the industry not culpable in 1956. The television industry continues to approach political broadcasting through its news services, where the mentality is that of the modern American journalist and the objective is to achieve showmanship through incisive reporting. The parties and their various advisers bore the main blame.¹⁹ The Democrats sinned less in this respect, although they produced their own variety of political quiz kids, and dealt with women in politics in standard fashion. The Republicans must bear the major responsibility for injecting large quantities of entertainment into their convention proceedings, and for the judgment underlying their plans that neither viewer nor delegate can pay attention to a serious matter, seriously presented, for more than a few minutes at a time.

Television during the Campaign. 1956 provided no evidence of political pressures by networks on the candidates or parties. The networks continued to provide time during the campaign at a price, with a little free time added as well, reasonably equitably

¹⁹ The advertising agencies, in describing their functions, concentrated on two: timebuying and provision of technical services. See testimony of Eugene H. Kummel, Vice President and Secretary, Norman, Craig, & Kummel, Inc., in *1956 Practices*, pp. 407-15. Said Kummel: "Our principal function has been to plan the most effective and most economical use of broadcast media and to purchase and schedule the radio and television time required by the [Democratic National] committee." (p. 408) Carroll Newton, Vice President of Batten, Barton, Durstine & Osborn, the Republican National Committee's agency, testified their function was "(a) To recommend to the client time periods which, in our judgment, will meet the client's needs for the purposes stated by the client and to execute orders for such time periods as the client elects to purchase; and (b) to furnish production and other specialized personnel and services required for the production of effective radio and television political programing." (The same, p. 439)

distributed. The issue of editorializing by networks remained dormant. Their coverage of issues and candidates remained much as in 1952, although they pointed out how much more risky it was for them to use candidates as guests on shows of the forum variety.

As early as mid-1955, the networks were urging the political parties to make their over-all requirements known, so as to reduce pre-emption charges and make available prime time with a minimum of disturbance to established schedules.²⁰ And they went along with proposals to concentrate a good deal of political television in five-minute periods coming at the end of top shows, arranged for far enough in advance so the commercial advertisers would not be inconvenienced, and there would be little or no pre-emption charge. (The advertising agencies improved on these arrangements for lowering costs. Kummel's timebuyer pointed out, and the networks agreed, that the proper charge for these five-minute periods should not be that of an independent five-minute spot, but should be the much lower figure of the pro-rated amount charged for the full half-hour or hour show. Thus a five-minute spot at the end of a half-hour show would be priced at one-sixth the half-hour rate. The Democratic National Committee's advertising agency testified that this agreement saved the Democrats \$700,000 alone.²¹ The Republican savings would be greater on a larger outlay.) Moreover, the networks agreed to withhold the 15 per cent commission usually paid to the advertising agency of a pre-empted show, if that agency had not provided the service for which the commission represented payment, thus further reducing pre-emption charges.

Summarizing very briefly, the foregoing account indicates that political television took on new quantitative importance during 1956, but this increase was not of a revolutionary order. The broadcasters provided some free time to the major parties and candidates, and some to the minor parties as well—most notably for the acceptance speeches and programmatic declarations of the half-dozen minor parties. There was approximate balance of free time between the major parties, and among the minor

²⁰ See testimony of Joseph A. MacDonald, Treasurer, National Broadcasting Company, in *1956 Practices*, pp. 100 ff. See also the testimony of Richard S. Salant, CBS, in the same, at pp. 126 and following.

²¹ See *1956 Practices*, p. 408.

parties. Similarly there was reasonable balance between the paid time afforded each of the major parties. The Republicans outspent the Democrats in the presidential race by a margin of four to three, and by a lesser margin in other races. The Democrats enjoyed an edge in free time from broadcasters.

Yet there was a continuing undercurrent of dissatisfaction with the general area of political access to the airwaves. Democrats, as the poorer party, complained over the Republican ability to buy more time, and to plan for it more effectively. The minor parties felt keenly the great advantages possessed by the major parties, both as to free and purchased time. Scholars and critics continued troubled over the great costs of campaigning, especially of campaigning on television, and over the apparent inequities of purchased time for the presidential race, and as between entertainment and public service on the airwaves.

But more concerned than any of these were the broadcasters themselves; they were concerned not only for the popularity and profitability of their medium, but also over the potential development of television as a vital medium of political communication and of "electronic journalism."

In short, the problem of access remained an unsolved problem of public policy.

ACCESS

Two steps need to be taken to help clear up the problem of access. The first is to settle upon a satisfactory notion of the objectives sought, and the standards that are appropriate to them. The second is to gain a clear notion of the current standards and their consequences, together with the probable effects of proposed steps to alter them.

Objectives. The most important objectives to be sought in regulating access to broadcasting channels for political campaigning are these: to assure free and equitable use of political communications, in sufficient breadth and detail (1) to maintain a level of political discussion appropriate to rational political decisions on issues by the electorate; and (2) to provide voters with adequate information on which to choose among candidates and parties. These objectives interlace. It is worth emphasizing that they go beyond the objectives of freedom for the sake of

freedom, or fairness for the sake of fairness. And there is a third element: sufficient flexibility to allow play within the system for the introduction of new political organizations and ideas, in ways that are compatible with the continuing power of parties to function in our system of governance.

At the level of presidential politics, this means in any immediate sense the ability of the Democratic and Republican parties to gain sufficient access to the airwaves to make their candidates and their programs known; plus the ability of major fractions of these parties to function in the historic role of dissidents. It also means in a longer-term sense freedom of any substantial interest or opinion to make its case, either for incorporation into the programs of the major parties or to serve as a nucleus for basic political reorientation. However, at the level of state elections, whether for federal or local office, the party problem becomes far more complicated. Nevertheless the standard of effective political expression still remains.

Standards. There are two governing standards incorporated in our federal communications law and regulations that affect access of politicians to the airwaves, and, more generally, that affect the performance of broadcasters in contributing to political discussion and campaigning. One is the broad standard of service to the public interest, convenience, and necessity, established as the criterion on which licenses are assigned, and underlying the general requirement that broadcasters must give fair and balanced treatment to controversial issues. The other is the particular standard of equal opportunity in the use of broadcasting facilities in political campaigning, found in Section 315 of the Communications Act. Simple as to intent and policy, it reads as follows:

Sec. 315. (a) If any licensee shall permit any person who is a legally qualified candidate for any public office to use a broadcasting station, he shall afford equal opportunities to all other such candidates for that office in the use of such broadcasting station: *Provided*, That such licensee shall have no power of censorship over the material broadcast under the provisions of this section. No obligation is hereby imposed upon any licensee to allow the use of its station by any such candidate.

(b) The charges made for the use of any broadcasting station for any of the purposes set forth in this section shall not exceed the charges made for comparable use of such station for other purposes.

(c) The Commission shall prescribe appropriate rules and regulations to carry out the provisions of this section.²²

It is with Section 315(a) that we are concerned here. Section (b) relates to equal charges, and presents no great problem of policy. In so far as it affects access, it promotes it by keeping charges down. (Newspaper advertising rates for political copy often substantially exceed those for commercial copy.) Section (c) places regulatory power and responsibility on the FCC; there is no major question of alternative placement in the government.

Section 315(a) contains the heart of the statute, as both the standard of equal opportunity and the denial of power of censorship affect access.

Censorship. The censorship provision works against access in so far as broadcasters may wish to minimize risk of liability for defamation or libel, or of violating certain criminal statutes. It has been very broadly interpreted by the FCC to mean that the broadcaster has no power whatsoever to alter the text of the broadcast by any *candidate* using his facilities, even though the material is on its face libelous, defamatory, or inciting to revolt. Since twelve states do not have statutes freeing broadcasters of liability for suits for defamation or libel arising out of such broadcasts, since the statutes of the remaining states contain confusions and ambiguities, and court decisions are not wholly settled, the broadcasters do run some risk in those cases where they are unable to persuade a candidate to eliminate objectionable material from his script. Even though experience indicates these risks have historically been small²³ in terms of damages paid, the size of suits (ranging up to \$500,000) and the opinions of some State courts give the broadcasters pause. There is some judicial opinion that the prohibition in the statute operates only as a defense against political libel; that the broadcaster is responsible for defamation not related to political matters. If the courts interpret political use narrowly, and the broadcasters

²² 47 U.S.C. 315. See also FCC Public Notice FCC 54-1155 9105, dated September 8, 1954, entitled "Use of Broadcast Facilities by Candidates for Public Office."

²³ See the statement of Robert L. Heald, Chief Attorney, National Association of Radio and Television Broadcasters, in *Communications Act Amendments* (1956), pp. 265 ff., especially pp. 300-06. Up to 1954, no station reported paying any claim for defamation in a political broadcast.

broadly (as they must under FCC interpretations) the broadcaster risks trouble.

There is the additional problem of the "first use." In this case, the courts have noticed that under the law a broadcaster does not have to broadcast a libelous utterance by the first candidate to ask for time; he can refuse to make time available to that candidate, and to all others. But the choice the broadcaster faces is not simply that of avoiding a risk, but of fulfilling his public service obligation. The law as it stands tends to motivate broadcasters to reduce access. Congress should accept the oft-reiterated proposal of the FCC that the federal government absolve the broadcaster of liability for utterance he has no power under federal law to censor.²⁴

A more drastic solution would be to eliminate the censorship proviso of 315 entirely, putting radio and television on the same basis as the rest of the press, leaving them responsible before the law for libel and defamation, and increasing their power *vis-à-vis* candidates. This solution, supported by *Editor and Publisher*, would increase the responsibilities borne by the broadcasters for the balanced and judicious presentation of political broadcasts. It would probably risk less danger to the reputation and political prospects of controversial candidates than they run today.

315(a) and "Equal Time." Much more pertinent to the problem of potential increase of access to broadcast facilities are the effects of the equal time provisions of 315(a). There is today widespread but not universal belief that this section has unduly restricted access, not only to candidates who wish to advance their cause through programs of their own origination, but also to candidates who would otherwise be eligible in the eyes of broadcasters to participate in news, panel discussion and quiz shows that the broadcasters originate and control. It is certain that in the minds of the broadcasters, Section 315(a) raises serious problems for public affairs. Some of them are willing to take

²⁴ There are other issues here, of chief interest to the lawyer: whether the Federal government, having occupied the field by its prohibition of censorship of candidate's utterances as an incident to its regulation of interstate broadcasting, can effectively free broadcasters of resultant liabilities. Congressional hearings reveal a certain reluctance upon the part of legislators to enter the field of libel, traditionally regulated by the States in our system of government.

certain risks in putting on top candidates to discuss issues, and to be seen by voters, none are willing to go very far, and some avoid candidates altogether. As Jack Gould, television columnist for the *New York Times* has argued, the section in its present form prevents the broadcaster who wants to do so from doing a well-rounded job, and gives an easy excuse to the broadcaster who doesn't.²⁶ The hindrances are thought to apply more to stations than to networks—a conclusion supported by the relative amounts of time per station and per candidate given for political television. The first defense of the broadcaster against 315's risks is to use price as a rationing and screening device—a move that immediately raises questions of the role of money in politics. And television is now being pointed out as a major cause of the high cost of elections today.

Nevertheless, Section 315(a) has its supporters. They point out that the standard has worked reasonably well since its inception in the Radio Act of 1927. There is no better general standard available; it recognizes the requirement for equality; it is neutral as to the party system within which the standard is to operate. It has not wholly cut off candidates, and there is room for improvement under its present terms. If stations, not just networks, plan their political broadcasting in advance, reserving adequate time for all probable users in the more important races, and making sure that their arrangements with first users do not commit them to excessive demands by other candidates, they can do a good job of political broadcasting under most conditions. An inventive broadcaster can usually devise a format that is appropriate to the number of candidates and the nature of the office and issues at stake. Section 315(a) gives the broadcaster protection against the pressure of powerful political interests for special treatment since any such interest must now reckon with the station's obligation to give equal treatment on demand to other parties. Furthermore, it can be argued that 315(a) gives enough time today. Even if the broadcasters were to give more time to political broadcasting, the parties and candidates would not make effective use of it. They are already emphasizing "spots," the short speech, the personal dramatization rather than the exploration of political issues in depth, or the conduct of

²⁶ *New York Times*, May 29, 1955.

political debate. Does the prospect of more of such campaigning warrant taking the risk of inequities among candidates that would arise if 315(a) were altered?

Against these views can be marshalled these arguments: Politics on television is not as good today as it could be if 315(a) were altered. Broadcasters could put on the best spokesmen for debate on public issues, irrespective of whether they are candidates or not. There could be debate between the top candidates for top offices, offering a chance for confrontation of personalities and issues. To the argument that politicians and candidates would not make good use of the additional time, it can be replied that our broadcasting law and practices should not in themselves hamper freedom to develop the best in political discussion, at length if need be. Section 315(a) increases the costs of campaigning, by forcing broadcasters to sell time as a means of keeping out fringe candidates and fringe parties.

Proposals for Change. There is a preponderance of sentiment both among the networks and political parties that 315(a) could well be altered. CBS and NBC have favored change for some time; ABC, vacillating, expressed mild and halting support for modification.²⁶ Paul Butler, for the Democrats, advocated modification of Section 315 in several particulars, and gave some support to the CBS proposals discussed below.²⁷ Leonard Hall, for the Republicans, was reported as being satisfied with the situation as it is,²⁸ and found himself in odd agreement with those spokesmen for minor parties and disadvantaged groups who believed that any change in 315(a) would jeopardize their chances to get

²⁶ See 1956 *Practices*, pp. 130 ff. and 189 ff. For ABC, Vice President Ernest Lee Jahncke said, on pp. 152-53, "That a change might be good that would make it easier and more practicable to use television provided there was some protection of the rights of minorities." On p. 160 he said further, "Certainly relief from that as a mandatory provision would be acceptable from our point of view, and we would have no objection to accepting the responsibility of operating to insure full access to our facilities, even in the absence of section 315. Whether it is practical we don't necessarily advocate its repeal, but we would have no objection to it." This was stated on September 11, 1956. Earlier ABC had informed a subcommittee of the House Committee on Interstate and Foreign Commerce that it was opposed to H.R. 6810, a bill to remove from the operation of 315(a) any news, panel, or similar show where the participants and the format were under the control of the network or station. See *Communications Act Amendments*, 1956, cited above, pp. 358-60.

²⁷ *Communications Act Amendments*, 1956, pp. 236-38.

²⁸ See *Final Report of the Special Committee to Investigate Political Activities, Lobbying, and Campaign Contributions*, S. Report No. 395, 85th Cong. 1 sess. 1957, at p. 114.

on the air. For example, Arnold Petersen, Secretary of the Socialist Labor Party of America, opposed any suggestion that would deprive a minority party of equal use of free time.²⁹

The position of a Republican spokesman at the present juncture might well be understood as that of a man unwilling to change a winning game. Whether by free time, or by purchased time, the Republicans can look forward to as good access to the airwaves as they need for their purposes. But the position of the spokesmen for the minor parties and candidates is less well founded. It could well be argued that they suffer more than anyone else from the operation of 315 as presently worded and interpreted. Both major parties can have access by right of demonstrated political importance and depth of purse. But minor parties have comparatively little chance, and a standard of equality that encompasses all of them is sure to hurt the more important and newsworthy among them. The real danger to the small party's chance of access is less the Republicans than the pig farmers or the extremist attorneys who know their rights under the law, and can make it difficult for broadcasters to allocate time or news attention to the minority party with something to say.

If, then, it is accepted that 315(a) limits access and constricts the quality of political discussion and the growth of mature political journalism on the air, there are two courses of action: either eliminate 315(a) from the law, or modify it in any one of a number of ways.

Elimination. The more drastic course of action is to eliminate both the equal time and the censorship provisions from the law, leaving decisions as to equitable treatment up to the broadcasters working with the remaining general standard of balanced treatment of controversial issues, and constrained throughout by the fields of force now set up by the various commercial and other interests motivating the broadcasters.

There have been few proponents of repeal. Most of the Federal Communications Commissioners have been satisfied with their powers under the current law. Most of those dissatisfied with the present state of affairs would be content with partial modification, at least in the first instance. The broadcasters have not made strong drives for repeal, although Mr. Salant for CBS and Mr.

²⁹ The same.

McDonald for NBC made clear in 1956 their preference for repeal.³⁰ Earlier, Mr. Harold Fellows, President of the National Association of Radio and Television Broadcasters, told a committee of Congress in 1955 that:

The great majority of broadcasters do not believe there should be any regulations or acts in connection with the encroachment upon the responsibility and the obligation of the licensee to determine what goes on his station, how it is handled, whether or not it is paid or free in the public interest.

This [Section 315] is the only instance and basically they believe that it is wrong.

Fundamentally this is the only instance of ratemaking. You may say that equal treatment is not ratemaking. But you can easily see that it is the first step in a ladder and basically . . . the majority of broadcasters do not believe there should be laws like this at all.³¹

He restated and strengthened his argument a year later.

And the present Chairman of the Federal Communications Commission, John C. Doerfer, after giving mild support to the CBS Amendment (discussed below), went further:

As between the danger of abuse and complete denial to the public, I am not so sure that I would not experiment and trust the good sense of fairness of the broadcaster. In other words, I would much rather proceed on the basis of fairness and then retreat in the case of abuse than I would to deny the people the opportunity to know their men who are running the affairs of this country.³²

The main argument for clear repeal of 315(a) is that it puts the electronic media on a basis of freedom and responsibility in political communications more nearly parallel with that on which rest other members of the press. The main and significant remaining difference among media is that the broadcasters must measure up to the standards of balanced treatment of controversial issues and of public service, now in the law. Whatever comparable standards the press must meet are not legally sanctioned. By allowing more freedom and placing more responsibility on

³⁰ See *1956 Practices*, pp. 133, 145.

³¹ *Federal Elections Act of 1955*, Hearings, p. 100.

³² *Communications Act Amendments*, p. 76.

the broadcasters, a repeal of 315(a) would open the way toward greater maturity and better development of their public service reporting. It would allow them the fullest scope to bring candidates before the microphones and cameras, not only to make speeches or parade themselves according to their own wishes, but to participate in various forms of discussion and interrogation whereby television can explore issues and relate candidates to them. It would allow fullest scope for the creation of new forms of television presentation of such programs, in which candidates could play a major role. Equity and fair play would continue to be guaranteed not only by the general standards in the act, but also by the pressures of commercial interest driving broadcasters toward effective political neutrality.

Against repeal, however, the following arguments lie. Repeal would eliminate a precise and inclusive standard from the act, to which any candidate who feels himself disadvantaged can appeal for prompt relief. The Federal Communications Commission can act promptly under it; it does not have to rely on the subtle and ambiguous process of hinting to a broadcaster that a particular course of action may redound to its discredit when time comes for renewal of his license. (By that time any particular offense in a political campaign might be more than offset by praiseworthy public service, in other fields.) There is no particular need to put the electronic media on a parallel basis with the rest of the press; they rely for their operation on access to the radio spectrum that lies in the public domain; it is quite proper to require as a condition of that access a specific standard of political fairness in its use. The electronic media wield great and immediate power over public opinion; it is proper that such power should be channeled by appropriate standards. It is not necessary to repeal 315(a) to allow broadcasters additional room to develop their news and public affairs programming; they have considerable scope under the law now; and the only difficulties occasioned by 315(a) relate to the risks broadcasters must run in using candidates for office on those programs, and then only during the period of active campaigning. The pressures of public opinion on stations may not be sure enough or prompt enough to protect a candidate from subtle discrimination by broadcasters during the course of a campaign. Most political campaigners and

candidates who are aware of the implications of 315(a) regard it as a form of insurance.

Modification. Short of elimination, however, there are a number of proposals for change animated by genuine desire to get better political broadcasting and campaigning, that involve a modification of 315(a). One of these is the so-called CBS amendment, that would make equal time requirements inapplicable to "any news, news interview, news documentary, panel discussion, debate, or similar type program where the format and production of the program and the participants therein are determined by the broadcasting station, or by the network in the case of a network program. . . ."³³ A second change would be to restrict application of the equal time provisions to major candidates of major parties for nomination or election as President or Vice President, as proposed in a variety of bills introduced into the 84th and 85th Congresses. A third variation would be to restrict the application of Section 315(a) to major candidates of major parties for all political offices. A fourth variation would be to deny the rights and privileges of Section 315(a) to members of the Communist Party, or of other parties committed to the overthrow of our form of government by violence. A fifth change would be to modify Section 315(a) so as to provide for equality in political broadcasting through Federal pre-emption or purchase of time for this purpose, and governmental allocation of such time to parties or to candidates on an equitable basis.

The CBS Amendment. In some respects the most far-reaching of the proposed modifications, the CBS amendment, affects all political broadcasting, eliminating any real or fancied barrier erected by 315(a) against the use of any candidate on any news show or political debate originated and controlled by the broadcaster. Otherwise 315(a) is unchanged; it makes no difference in the ability of candidates to get free time to present their own shows, or to purchase time. Insofar as it does operate, the amendment puts squarely on the broadcasting station or on the network presenting news shows the responsibility for fair treatment of candidates. It makes a crucial distinction between political reporting and discussion, and political campaigning by candidates.

³³ This language is from S. 2306, 84th Cong. 2 sess., a bill introduced at the request of CBS. See 1956 *Practices*, p. 210.

For any station or network taking advantage of its new freedom, it offers fresh opportunities to present candidates under conditions where opposing candidates or other interlocutors can put the questions an intelligent and informed electorate ought to have answered by candidates for office. It lengthens the roster of discussants of major issues of public policy that is open to the broadcaster in creating his public service shows. These new opportunities challenge broadcasters to raise their standards of journalistic service. Competition within the industry may spread such advances widely within it. Broadcasters could do more to seek out the novel and the controversial among major or minor parties and among independents. Such advantages might remain only opportunities, but they offer wider perspectives for the growth of political broadcasting, and allow fresh scope for the competition already evident among the networks in their public service functions.

What are the difficulties and drawbacks? First, the amendment offers great additional power to licensees and networks—powers that if abused may not be adequately curbed, in time, either by the Federal Communications Commission or by the viewing public. There is no assurance that even the major parties and candidates will get equal treatment by the broadcasters—and the Democrats have suggested that the licensees still be kept under the requirement of equal time for major parties. Broader freedom of choice for broadcasters may result in concentration on the safe, the accepted and the reassuring.

Much of the value of the CBS amendment turns on the question whether candidates are the best proponents of controversial issues, or even the best ones to confront one another in debate. Consideration of past campaigning behavior of major candidates and parties casts doubt on whether they are. Major parties characteristically seek winning combinations; compromise, not controversy. Much campaign talk in our political history has not been debate or adversary argument at all. The intent of the campaigner is rarely to expound the full range of basic issues. The genius of American politics, a middle-class, middle-of-the-road politics, invites competition for electoral favor on the basis of who can best attain the same objectives. There is little fundamental debate about the objectives. There are strenuous efforts to

pin blame for shortcomings on opponents, and to take credit for successes. The search for genuine or apparent difference is real enough, but the result in campaigns is all too often stress on strained or irrelevant issues raised in an effort to demonstrate difference—and difference may be lacking. Campaigners use political time thus when it is under their control. They will seek the same effects in debates or discussions staged by broadcasters.

There is little in the proposed amendment that tempts the foot-dragging licensee to enter the difficult and controversial grounds of political analysis. Most of the counterforces are undiminished. The broadcasters have a large interest in political neutrality, founded not only on their obligations under their licenses, but also on their prime economic interest in advertising revenues. More vigorous and probing political programs may offend partisan viewers, who express resentment by viewing other stations or networks, or who may even threaten economic boycott of products advertised over the offending channel. Broadcasters guard against such blows by eliminating provocation in advance.

So long as the broadcaster is operating outside 315, he loses both the protection of its defense against libel, and its insulation against pressures toward political favoritism.

If there are many candidates and difficult issues, the broadcaster must clear time to carry at least all the important candidates, if he wants to do more to bring candidates and not spokesmen to the public. (He is free to bring the spokesmen now.) He faces the dilemma of making a large amount of broadcast time available for politics, with consequent pressure on his other activities; or of trying to spread a small amount inadequately among the competitors. The most attractive course—particularly to the station licensee—may be to avoid the issue altogether.

The net effect of the CBS amendment on the costs of political television would probably be small, although favorable. It is unlikely that broadcasters would increase substantially the total time made available for such programs.³⁴ Major candidates would

³⁴ The probable extent of free time that might be forthcoming if the CBS amendment were adopted may be gauged by Dr. Frank Stanton's tentative offer of 2 hours of Class A time during the campaign, for a debate or discussion between the candidates of the major parties for President, provided that Section 315 would be revised in time to eliminate an equal-time requirement for the candidates of the other parties. (See his letter of June 22, 1956, to the

still want time under their own control, and would have to pay for it.

Whatever its impact on the quality and adequacy of political discussion through better use of candidates on news shows and debates, the CBS amendment admittedly does nothing to deal with the problems of political broadcasting in which the candidates use free or purchased time on shows under their own control.

Equality for the Major Contenders. The nub of the problem as seen by the broadcasters and by many of the more substantial candidates is the threat presented by numerous fringe candidates. An obvious general line of attack is to set up standards in the law that will permit freer access by the most important candidates in the most important races.

The fringe candidate difficulty has to be approached at two levels, because the law as presently drawn and interpreted treats primary elections or other nominating processes separately from the races among nominees for the office itself. If a licensee gives access to his station to any candidate for the nomination to a given office, he must offer equal opportunity to all other candidates for the nomination of *that party* for that office. But once the nominations are made, and the final race is on, use by any candidate for President calls the equal opportunity rule into action for all other legally qualified candidates for President.

The most developed legislative proposal for dealing with these two parts of the problem as they relate to the offices of President and Vice President was S. 1437, 84th Cong., 2d session.³⁵ This bill defined a major candidate for the nomination as anyone (1) who is the incumbent of any elective federal or statewide elective office of any state; or (2) who has been nominated for President or Vice President at any prior convention or caucus of his party; or (3) whose candidacy is supported by petitions filed under the

Chairman of the Senate Committee on Interstate and Foreign Commerce, reprinted in *1956 Practices*, pp. 209-12.) If the other two networks were to provide equal amounts of time, a total of 6 network hours results. This might suffice for the major parties, if they made the most efficient use of it. But it would do nothing for the minor parties, and its timing and availability might not be appropriate for the major parties either to deal with such a politically decisive event as a Suez crisis.

³⁵ This dealt with corrupt practices in federal elections, as well as with the problems of equal time. The pertinent parts are quoted and commented on in FCC 57-817 47964.

laws of the several states which, in the aggregate, bear a number of signatures equal to (i) at least 1 per cent of the total popular vote cast in the preceding presidential election for the candidate of such party, or (ii) 200,000.

The bill defined a major candidate for election as President or Vice President as anyone who is the nominee of a political party whose candidate for that office in the preceding presidential election was supported by not fewer than 4 per cent of (i) the total popular votes cast, or (ii) the total electoral votes cast; or whose candidacy is supported by petitions filed under the laws of the several states which, in the aggregate, bear a number of signatures equal to at least 1 per cent of the total popular votes cast in the preceding presidential election, and which signatures are valid under the laws of the states in which they are filed.

The intent of these two approaches in other words is to allow 315 to apply only to candidates for the nomination who have been recognized previously by their party, or who have demonstrated their quality as public men by election to an important office (including those from which candidates for President or Vice President are normally taken: governors, senators, or congressmen), or who can adduce by petition a substantial degree of support. For candidates for election, the criteria admit the nominees of the two major parties, and of any other parties that have shown substantial performance at the polls; or nominees of other parties or independents who can produce a substantial showing of popular support.

However reasonable at first blush, these criteria lead to difficulties. No third party that would have qualified under these standards by reason of previous performance at the polls was in being four years later to benefit by its achievement.³⁰ However,

³⁰ The operation of these latter criteria insofar as they affect potential third parties suggests that they were set with the States Rights Democrats, the La Follette Socialists, the Progressives, and the Populists in view. All four would have qualified—for the election *after* the one in which each rolled up its qualifying vote. The Dixiecrats got 39 electoral votes (22 needed to qualify). The La Follette Independent Socialists got 17 per cent of the electoral vote, although less than 3 per cent of the popular vote. The Progressives outran the Taft Republicans, who as the minority party at the polls in 1912 would have failed to qualify with their 8 electoral votes out of 531, but would have qualified with their popular vote of 3.5 million out of 14 million. Populist Weaver in 1892 got 5 per cent of the electoral vote, and 8.6 per cent of the popular vote.

as a spokesman for one of the networks pointed out, a rigid application of these criteria might force broadcasters into the anomalous position of demanding from such an obviously potent candidate as Eisenhower, who had no previous political record, an onerous petition. If they did not ask for one, other candidates could demand in fairness that the petition be waived in their case too. The countersuggestion of the networks was to restrict 315 to persons regarded by broadcasters as substantial candidates, providing that those persons who met the above criteria would be presumed under the law to be substantial candidates. Although administratively feasible, these amendments still relate only to the two top offices. And there is reason to doubt whether these criteria leave the broadcasters or the lesser candidates in very much better position than they are today.

As to the broadcasters: the proposed criteria admit many people to equal time: all the governors, all the lieutenant governors, attorneys general and other statewide elective officials, a number running well over one hundred; all the Senators and Congressmen, some 531 of them; the handful of previous nominees; as well as the happy few who could get up petitions qualifying them for nomination.

It seems apparent, then, that the networks and stations would be looking for further ways to cut their liabilities, probably at the expense of minor candidates.

Mindful of this basic problem of competition for air time, the present author proposed somewhat different tests for defining a major party and for sorting out the leading candidates. The test for a major party was less stringent numerically than S. 1437, but added a regional element: a qualifying party was one that had polled a million votes in a national election, with at least 100,000 in each of five separate states, or that could produce a petition showing comparable strength and distribution of support. The test for leading candidates was considerably more stringent. It defined a leading candidate as one who could adduce substantial evidence of probable ability to secure at least 15 per cent of the vote on the first ballot of the party convention or primary in which the party nomination is to be made. The purpose of this criterion was to provide a standard easily applicable in the first instance by the broadcasters, and appealable to the FCC or to the

courts if necessary, that would screen out frivolous candidates, favorite sons without much following outside their own states, and lesser candidates of major parties. It was pointed out that in the 1952 experience, this criterion would have really separated out the leading candidates from the others; and it would have worked as well in 1956. And it was also put forward that such a criterion would give the broadcasters flexibility, insofar as they would be able to pick and choose among the newsworthy minor candidates, whether of major or minor parties.³⁷

While these proposals caused some discussion, they were not reflected in any of the bills introduced, possibly because the criteria for defining a leading candidate were so stiff as to cut out all but the real leading contenders—and that meant practically all senators, representatives, and governors. But the problem is still unsolved. Further attention might well be given to defining a major candidate by some form of proof of contemporary or past political effectiveness, such as being listed as one of the top six contenders for the nomination as President or Vice President of his party by any of the reputable public opinion polls published in the newspapers of three or more states within the preceding six months. Pride of profession alone should motivate the political scientist to examine use of some of the more modern instruments of political intelligence, if not of political prediction.

An obvious objection to a course of action that would ease the situation for the Presidential and Vice Presidential races alone is its limited scope. Even though these are the most important offices, usually provoking discussion and decision on the most important issues, they leave out important areas of the political process. It is at the Congressional and state levels that many decisions are made crucial to the development of public opinion and the selection of burgeoning political personalities. Television can never reach its full stature as an instrument of political communication unless it makes its maximum contribution at all levels of political choice.

Application of appropriate criteria to single out major candidates of major parties at these levels is of chief importance to stations, not to networks. And it is here that the multiplicity of candidates really becomes apparent. Party structure and function

³⁷ See Thomson, cited above, pp. 130-33.

varies widely at the state level. Factionalism and independent candidates are more common than in national campaigns. Hence, maximum flexibility is desirable. Thus, any proposals for changing the equal-time amendments need careful consideration against the most important types of local situations, including the one-party states.

315(a) and Communists. At least two recent bills³⁸ have been introduced that would withdraw the rights accorded to candidates by Section 315 from persons who were members of subversive organizations (those proscribed by the Communist Control Act of 1954) or who have been convicted of treason, espionage, sedition, or subversive activities. The public policy involved has not been treated as controversial by either broadcasters or by government agencies, but they have noted certain procedural problems: the manner in which such persons could be promptly identified, the liability of stations for denial of use of facilities on reasonable grounds of membership in subversive organizations or of previous conviction, the burden of administration placed on the broadcasters or on the FCC, and so forth. The FCC took the occasion of comment on these bills to suggest that new legislation be enacted giving aggrieved parties the right to appeal to district courts in every case in which they felt denied their rights to equal time, for a prompt determination of their rights and for injunctive relief.³⁹ The FCC left the questions of policy involved up to the determination of Congress.

Denial to this general class of persons of rights of access would not appreciably reduce the potential burdens on broadcasters, since they do not come forward in any large numbers as applicants for political time.

Federal Administration of Campaign Time. A frequent component of recent attacks on the problems of equity, cost, and access to the airwaves is the suggestion that the Federal government procure time on the air and allocate it among candidates and parties. This suggestion recurs among those impressed by the high cost of campaigning in general, and on television in par-

³⁸ HR 3789, 84th Cong., 1 sess., and S. 771; both the subject of hearings before relevant committees.

³⁹ See comments of FCC Chairman George C. McConnaughey and Comments of the FCC on HR 3789, on July 14, 1955, in *Communications Act Amendments*, 1956, pp. 4-7.

ticular. Most of them are persuaded that the party with the most money to spend has an unfair advantage. Others feel that minority candidates are necessarily discriminated against. In this broad group are found at least one former Federal Communications Commissioner, a number of political scientists, and spokesmen for such organizations as the Americans for Democratic Action. Bills have been introduced into Congress, and some testimony taken by committees. Despite the hardy quality of the proposal in its various forms, it has never been reported out of committee, and seems to have no serious legislative backing.⁴⁰

The proposal contains a number of dilemmas and administrative difficulties. The central dilemma is that of taking enough time on the air to give adequate opportunity to all candidates to express themselves, and thereby risking degradation of programming in general and diffusing public attention from the presentations of the serious candidates; or taking insufficient time to allow the serious candidates to express themselves fully—or for television to play an adequate role in political discussion. Both administrative difficulties and policy problems would emerge if the government tried to administer free time through the party system, especially if state and local races are included in the proposal.

It also contains elements of inequity, if property is taken from the broadcasters but similar burdens are not placed on other communications media or services used in campaigning.

If time is made available to every legally qualified candidate at little or no cost, the system could easily be swamped. And there is some possibility of change in the number of parties—a threat urged against the proposal by proponents of the two-party system.

Despite its difficulties and its current lack of support, the proposal does serve a useful purpose: it remains in the background as an ominous alternative that broadcasters might have to face if they do not provide sufficient service to political broadcasting.⁴¹

⁴⁰ See *Federal Elections Act of 1955*, pp. 149-57.

⁴¹ This possibility is implicit in the views of the Senate Subcommittee on Privileges and Elections, which said in its comment on such proposals made in connection with S. 636: "Because of the many problems which would arise from such a system, and because of the many factors that would have

CONCLUDING COMMENTS

Section 315 appears as an empirical example of a situation in which the better is the enemy of the good: in that the clear establishment of a criterion of equal access, open to all comers of good faith, operates to reduce access to those participants in the electoral process who should be the main subjects of public attention. This is so not only for the major candidates of major parties, but for the more significant minor candidates as well. Television has demonstrated a capability of providing adequate time for the campaigning necessities of the major parties; and it could take care of the minor ones as well, so long as it does not have to give substantially equal access to all legally qualified candidates who come forward. In this latter area, the real enemy of the serious minor candidate with some following and some prospects of electoral impact is not the major candidate, but the candidate who speaks for no substantial body of thought and who is in no position to win notable electoral support.

If we apply the standard suggested at the beginning of Section II above, we should appraise 315's performance not as a guarantee of formal equality for all, but in terms of its effect on bringing the genuine choices before the electorate in situations in which the voter can estimate their stands on issues and their qualifications for the offices they seek. Section 315 does not wholly fail that test; but it does make the achievement the more difficult, and imposes needless risks on the broadcaster.

If we consider the problem of the quality of political discussion, 315 is strictly culpable only insofar as it diminishes the opportunity for candidates of all parties to contribute to that discussion, whether as speakers, panel members, or interrogees. But this culpability is considerable. As to major parties, there is adequate opportunity today for them to come before the electorate in programs of their design and control. But there is less than adequate opportunity for them to be put into adversary

to be considered, the subcommittee is not prepared to suggest any such action. The subcommittee believes that radio and television are at the present time making substantial contributions to the enlightenment of public opinion and that such contributions will continue." (Report of the Subcommittee to the Committee on Rules and Administration, Subcommittee Print, 84th Cong., 1st Session, p. 15.)

situations. As to the minor party candidates, they cannot buy much time, and the better ones have less opportunity to get free time than they would if 315 were repealed or modified. The initial result of repeal or appropriate modification might be to reduce such time as minor candidates now get as an offset to the time given for major party acceptance speeches at the conventions; but in so far as minor parties are able to create important innovations in our political thought, they can look forward to reasonably just allocations of attention from broadcasters operating under the public service standard, nudged from time to time by an alert FCC.

If the case against 315 has been made on these two counts, change is in order. Repeal is probably too drastic a step to urge today. It is politically infeasible so long as the majority of legislators value the protection it offers them against broadcasters who may be favoring an opponent in ways too subtle to warrant FCC intervention under the general standard, or to provoke adverse public reaction. It puts wide discretion and full responsibility on the networks and stations, opening them up to political pressures they can use 315 to fend off today. It would remove whatever protection it offers against liabilities incident to the political use of stations by candidates. And repeal is not necessary to open the road to a better use of stations for political discussion and electioneering.

Adoption of the CBS amendment offers improvement in a number of points. Greater freedom and responsibility for broadcasters to develop their news shows and their various interrogatory procedures for the presentation of candidates opens the way for the most valuable and needed kinds of development in political television. It has the advantage of operating at all political levels, in so far as it operates at all. And the flexibility inherent in application by stations gives a chance to adapt local political broadcasting to the particular conditions of party, issue, and candidate obtaining in local elections. It could conceivably operate to reduce the costs of campaigning, if stations and networks found themselves able to give enough free time during the campaign to allow party strategists to reduce their purchases of television.

But the CBS amendment does nothing to eliminate the alleged inequities in access on purchased time to the party with the longer pocketbook and the more astute timebuyers; and minor parties and candidates could not expect to have any more time than today to present their case on television in formats of their own devising and control. Putting greater power in the hands of the industry opens the way not only to conscious or unconscious abuses and unfairness; it looses the fundamental conservatism of the interests of the broadcasting industry, and may confine political discussion to persons and points of view who lie at the center rather than at the extremes of American politics.

The various efforts to limit the formal application of Section 315 to the major candidates of the major parties in the major races have merit too. They strike at the fundamental problem of access: the choking out of good political discussion by the threat of an excess of the bad. According to their varying terms, they deal with more or less of the total problem. Most of the serious and reasonably viable proposals to date confine their reach to the presidential and vice presidential races, and thus do little about the lesser offices, where important political choices and evaluation of ideas is taking place too. They seem to offer less help here than does the CBS amendment. And the efforts to date to define major candidates have led to unworkable results. The broadcasters would still have to cope with a larger number of potential candidates than they have time for—or that the electorate should have to listen to. More attention to the fundamentals of the problem, and inventive legislative drafting, are in order.

The proposal to deny access to stations under Section 315 to Communists or other subversive or politically vicious persons may have merit as a legislative means of protecting the safety of the state, but it would do little to reduce the excess of legally qualified applicants for broadcasting time.

The proposal for the federal government to take a sufficient slice of broadcasting time to accommodate candidates during the campaign period proved administratively cumbersome, and included some very real difficulties and dilemmas. So long as the broadcasters maintain their present level of performance under the law, there seems to be no great reason of public policy to have

the government take this step. Whatever gains in formal equity might be achieved would be canceled by the restriction of political discussion imposed by the probably large number of candidates. But the proposal is valuable as a contingent threat to assure that the industry performs adequately.

Television—particularly network television—prides itself today on the development of electronic journalism. It has already taken important initiatives to see to it that this development has a healthy political segment. As the major medium of mass communication today, and probably the most vital single one in the future, it is important to take even small steps to facilitate the growth of that medium in directions that favor informed political discussion and rationally defensible choices of public officials. No particular proposal for change yet made is fully adequate to the very complicated situation surrounding access to television for political purposes. But we can do better than we are doing today. Risks are implicit in all courses: even that of leaving 315(a) alone.

Whether 315 stays in the law, is repealed or modified, there is scope for improvement in political uses of television. But whether it will take place is a matter not only for the broadcasters; the future is in the hands of the politicians and of the electorate as well. (Not to mention the scholars and the critics.) The question whether there is enough time for politics during campaigns on television today cannot be answered without some judgment as to the kinds of uses politicians make of air time when they have it. If their objective is simply to gain added familiarity for their candidate among the public, repetition of the main slogans generated by campaign strategy, and evocation of the favorable elements of the candidate's personality and his family life, not very much television is needed; and there cannot be a very strong case for valuing it ahead of other ways in which television time can be used for entertainment or public service. If their objective is to explore the nearly infinite possibilities in which political discussion can be sharpened and enriched by imaginative use of television's capacities to combine sight, sound, and instantaneous nationwide communication, there is a better case for seeing that television puts more of its facilities at the

service of candidates. Finally, there is the role of the electorate. Television stations and networks are notoriously sensitive to the demands of their audiences. They note not only their size, composition, and their distribution; they pay close attention to their opinions. If the mass of voters want better, more informative television, they can get it. They only have to ask for it. Both broadcasters and politicians will take them seriously. It is a function of scholars and critics to improve their insights and tastes, and to show them the way.

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